

ANNUAL BUDGET  
AND SUPPORTING  
DOCUMENTATION  
OF KWA SANI  
MUNICIPALITY  
AND  
KZN436

# ANNUAL BUDGET OF KWA SANI MUNICIPALITY AND KZN436

**2016/17 TO 2018/19  
MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**

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## Abbreviations and Acronyms

AMR	Automated Meter Reading	LED	Local Economic Development
ASGISA	Accelerated and Shared Growth Initiative	MEC	Member of the Executive Committee
BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act
CBD	Central Business District		Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
Dora	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		
ℓ	litre		



## Part 1 – Annual Budget

### 1.1 Mayor's Report



#### Introduction

To the Honourable Mayor of Harry Gwala District Municipality, Honourable Councillors, oNdabezitha, the Municipal Managers, Heads of Departments and municipal officials.

It is my pleasure, in my capacity as Mayor of the Kwa Sani Local Municipality, to present Final medium term revenue and expenditure framework (MTREF) for the 2016/2017 financial year and ensuing two years. In terms of section 21(2) (a)-(c) of the MFMA – ‘when preparing the annual budget, the mayor of a municipality must:

- (a) Take into account the municipality's integrated development plan (IDP);
- (b) take all reasonable steps to ensure that the municipality revises the IDP in terms of section 34 of the Municipal Systems Act, taking into account realistic revenue and expenditure projections for future years;
- (c) take into account the national budget, the relevant provincial budget, the national government's fiscal and macro-economic policy, the annual Division of Revenue Act (DoRa) and any agreements reached in the Budget Forum’.

Thus taking into account the provision of the MFMA as stated above, I present to all present the Final MTREF for 2016/2017 to 2018/2019. The intention is to bring forth the highlights contained in the budget. It is always our stated intention, as the Kwa Sani Local Municipality, that the Final budget in each financial year be adopted be for the end of May and should be a product of rigorous review and extensive consultation such that the limited resources available are allocated towards satisfying the community's priorities and that the budget preparation process itself complies with relevant legislation.



Thus taking into account the legislation that regulates the entire budget preparation and approval processes, Council must, by the end of these proceedings, approve and adopt resolutions, in terms of section 24 of the MFMA, on the annual budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations and also the financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets as detailed in the municipality's MTREF document. The Council of Kwa Sani Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000), must also approve and adopt with effect from 1 July 2016, the tariffs for property rates, the tariffs for solid waste services and the tariffs for other services.

## Background

The application of sound financial management principles for the compilation of the Kwa Sani Municipality budget is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Kwa Sani Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 70, 72, 75, 79, 82 and Provincial Treasury Circular TC/RM7 OF 2015/16 were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- The unemployment in the community that we are serving, having a negative impact on the collect over revenue, and increasing number of indigents.
- Aging and poorly maintained infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Decreased funding of capital projects resulting in cutting of some of the projects that were supposed to be done in this financial year, thus delaying the service delivery; and
- Availability of affordable funding

The final budget presentation reflects the following consolidated (summary) estimates:

**Table 1 Consolidated  
Overview of the 2016/17  
MTERF**

	<b>ADJ. BUDGET 2015-2016</b>	<b>BUDGET YEAR 2016-2017</b>	<b>BUDGET YEAR 2017-2018</b>	<b>BUDGET YEAR 2018-2019</b>
<b>Total Operating Revenue</b>	<b>R 48 372 723</b>	<b>R 46 486 064</b>	<b>R 44 968 369</b>	<b>R 44 528 946</b>
<b>Total Operating Expenditure</b>	<b>R 48 371 256</b>	<b>R 46 478 256</b>	<b>R 44 959 155</b>	<b>R 44 515 735</b>
<b>(Surplus)/Deficit for the year</b>	<b>R 1 467</b>	<b>R 7 348</b>	<b>R 9 214</b>	<b>R 13 212</b>
<b>Own Funded Capital</b>	<b>R 2 789 900</b>	<b>R 188 400</b>	<b>Nil</b>	<b>Nil</b>
<b>MIG Funded Capital</b>	<b>R 7 530 000</b>	<b>R 6 875 146</b>	<b>R 6 324 069</b>	<b>R 6 645 054</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>R 10 319 900</b>	<b>R 7 063 546</b>	<b>R 6 324 069</b>	<b>R 6 645 054</b>

I would like to bring forth some of the highlights contained within the budget:

**Overview:**

Total operating revenue has decreased by 3 per cent or R 1,887 million for the 2016/17 financial year when compared to the 2015/16 Adjusted Budget as a result of decrease on grants. For the two outer years, operational revenue will decrease by 3% and by 0.97% per cent respectively. Total operating expenditure for the 2016/17 financial year has been appropriated at R46, 478 million when compared to the 2015/16 Final Budget, operational expenditure has decreased by 4% in the 2016/17 budget and by 3% and 0.98 per cent for each of the respective outer years of the MTREF. The own funded capital was budgeted at R 2 789 900 in the previous years and is now budget at R 188 400.

The capital budget of R 7, 063 million for 2016/17 is 32 per cent less when compared to the 2015/16 Final Budget. This is due to the decrease in MIG funded capital budget in the 2016/2017 financial year. The capital programme decreases to R6.3 million in the 2017/18 financial year and then increase in 2017/18 to R6.6 million. Consequently, the capital budget remains relatively flat over the medium-term.

Departmental objectives for 2016/2017 are the following:

#### **Budget and Treasury Office**

The strategic objective of the Budget and treasury office is to manage the municipal financial resources in a way that will ensure financial viability and the alignment of the budget with the needs and priorities of stakeholders

- On Supply Chain Management will concentrate on local economic development, procurement plan (Enhance efficiency on departmental), healthy management of assets and efficiency on payments of providers
- Implement revenue collection systems by vigorously enforcing credit control and debt management and social responsibility on indigents, customer care issues revenue enhancement strategy, addition in billing for properties and MPRA (supplementary roll)
- Implement the financial plans that have emphasis on budget process, MTREF, service delivery and budget implementation plan and financial reporting.
- Management of Assets and Liability ensure proper controls are in place and Effective fleet management

#### **Infrastructure and Engineering**

<b>Strategic objective</b>	<b>Departmental Objective</b>	<b>Programmes</b>	<b>Funding Source</b>
To provide sustainable public facilities	<b>Buildings and Community Halls</b>	Maintenance of municipal buildings in all wards. Construction of Combo Courts	Internal Funds MIG
Provision of sustainable road infrastructure to KSM	<b>Roads &amp; Storm Water</b>	Tarring of Woodford road and Old main road in Underberg. Maintenance of Roads	MIG and Internal Funds respectively. Internal Funds

#### **CORPORATE SERVICES DEPARTMENT**

Based on the operational plan of the department for the next financial year the department has identified many objectives but for the purposes of this session I am going to highlight only 5 key priorities for the year.

- Provision of general office management and administration services.
- Ensure proper records management within the municipality.
- To develop and improve skills level in the municipality.
- Implementation of performance management services within the municipality.

## **COMMUNITY AND SOCIAL SERVICES**

### **COMMUNITY DEVELOPMENT**

- Disaster management programs
- Firefighting programs
- HIV/Aids awareness campaigns

### **ARTS AND CULTURE**

- Competition for music, song and dance
- Competition for literature
- Moral regeneration programs

## **PLANNING AND HOUSING DEPARTMENT**

- Verification of the proposed nodes, implementation plans for each node, BP's, layout plans, zoning, building control

### **Housing Development**

- Will be inviting proposals from the property developers for the development of Middle to High Income Housing ( Residential Zoning)
- Coordinating the start of Underberg Low Cost Housing Phase two Projects

### **Local Economic Development & Tourism**

- Implementation of LED & Tourism Projects : Funding Constraints reliance on grant funding from other potential funders

### **Local Economic Development**

- Registration of SMME's /Individuals through CIPRO
- Assisting SMME's in various forms
- Production of white maize
- Live- stock Farming
- Recycling program
- Informal Sector Support
- Operation of Reichenau Small Business

**Land Administration**

- Acquisition of state land (process)
- Implementation of land policy as well as the enforcement

**Revenue:**

For Kwa Sani Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. The Municipality will have to implement a refuse removal strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term.

The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel transporting of refuse and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of refuse removal function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

#### **Expenditure:**

The Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- Repairs and Maintenance;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of 'no project plan, no budget'. If there is no business plan no funding allocation can be made.

The budgeted allocation for employee related and councillors' remuneration costs for the 2016/17 financial year totals to R25, 877 million. Based on Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018 and the latest Treasury Circular No. 79 released on the 07 March 2016, salary increases was factored in draft budget at a percentage increase of 7.6 per cent for the 2016/17 financial year and to 7, 2% and 6.9% in outer years respectively. The cost associated with the remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Kwa Sani municipality's budget.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

#### **Policies and by-laws**

There were no major changes on finance and budget related policies and by-laws. There were also no major changes on other policies. By-laws would reviewed as the service provider was appointed to assist with the review of by-laws for Kwa Sani and Ingwe Municipality.

Ladies and gentlemen, may I take this opportunity to thank you for your attentiveness and your contribution in the on-going development of Kwa Sani.

Thank you

**Councillor M. B Banda**

**Mayor of Kwa Sani Municipality**

## 1.2 Council Resolutions

On the 30 May 2016 the Council of KwaSani Municipality met in Kwa Sani Municipal Boardroom to consider the 2016/17 – 2018/19 Final Budget. The budget, budget related policies, rates by-law, tariffs of charges & supporting documents (including Schedule A), was noted by the council of KwaSani Local Municipality. **Resolution No. 38/MAY/2016**

1. The Council of Kwa Sani Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) noted:
  - 1.1. The Final Budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 10 on page 20;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 11 on page 22;
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 12 on page 23; and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 13 on page 25
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table 14 on page 27;
    - 1.2.2. Budgeted Cash Flows as contained in Table 15 on page 28;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 16 on page 29;
    - 1.2.4. Asset management as contained in Table 17 on page 31; and
    - 1.2.5. Basic service delivery measurement as contained in Table 18 on page 33.
2. The Council of Kwa Sani Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) adopted the proposal for the increment of tariffs by CPI of 6.6% with effect from 1 July 2016 which the Budget has been prepared based on it and Tariffs of charges for 2016/2017 as outlined in page 88 to 98.
3. To give proper effect to the municipality's Budget, it must further be noted that:
  - 3.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

### 1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality's remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in savings to the municipality.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 70, 72, 75, 79, 81, Provincial Treasury Circular TC/RM7 OF 2015/16 and Provincial Treasury comments on Draft Budget were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and buildings infrastructure;
- The need to re-priorities projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Expected Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects;
- Standardisation of tariffs of charges for rates as a result of merger
- Decrease on grants
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 draft budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality.
- Actuals for the period ended in April 2016 and
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the annual Division of Revenue Act.



In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

KZN432 Kwa Sani - Table A4 Budgeted Financial Performance (revenue and expenditure)

REVENUE BY SOURCE											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Revenue By Source											
Property rates	2	11,740	12,487	12,971	14,116	14,004	14,004	14,004	13,919	14,754	15,610
Property rates - penalties & collection charges		732	2,842	1,184	1,056	1,413	1,413	1,413	1,243	1,318	1,394
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	2,121	2,123	2,246	2,359	2,727	2,727	2,727	2,709	2,871	3,038
Service charges - other											
Rental of facilities and equipment		298	303	342	461	350	350	350	371	393	416
Interest earned - external investments		931	1,190	975	1,257	1,257	1,257	1,257	1,229	1,303	1,378
Interest earned - outstanding debtors				184	194	169	169	169	151	160	170
Dividends received											
Fines		73	110	98	84	44	44	44	38	40	55
Licences and permits		65	201	278	826	718	718	718	796	844	893
Agency services											
Transfers recognised - operational		17,058	23,401	19,877	21,536	21,536	21,536	21,536	22,990	20,063	18,671
Other revenue	2	409	215	1,216	2,199	6,155	6,155	6,155	3,040	3,221	2,903
Gains on disposal of PPE			240	158							
Total Revenue (excluding capital transfers and contributions)		33,427	43,113	39,529	44,088	48,373	48,373	48,373	46,486	44,968	44,529

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit. Property Rates and service charges have been increased by 6.6% due to the anticipated inflation rate as outlined in Treasury Circular 79. All other Revenue has been increased by 6.6% anticipated inflation rate.

**Table 3 Transfers and Grant Receipts**

DESCRIPTION	2015/2016 BUDGET	2015/2016 ADJUSTED	2016/2017 BUDGET	2017/2018	2018/2019
GOVERNMENT EQUITABLE SHARE	-15,076,000	-15,076,000	-14,474,363	-15,109,374	-15,833,113
MUN FIN MANAGEMENT GRANT	-1,800,000	-1,800,000	-1,825,000	-1,900,000	-2,028,000
MSIG GRANT	-930,000	-930,000	0	0	0
OTHER - DEMARCATION GRANT	-1,857,000	-1,857,000	-4,857,000	-2,283,000	0
Arts and Culture Grants	-723,000	-723,000	-738,000	-771,000	-810,000
Sports Grant Income	-150,000	-150,000	0	0	0
EPWP-Incentive grant	-1,000,000	-1,000,000	-1,095,500	0	0
<b>Sub Total</b>	<b>-21,536,000</b>	<b>-21,536,000</b>	<b>-22,989,863</b>	<b>-20,063,374</b>	<b>-18,671,113</b>
<b>GRANT DEPENDENCY %</b>	<b>49%</b>	<b>45%</b>	<b>49%</b>	<b>45%</b>	<b>42%</b>

**Operating and capital grants and transfers** totals R 22,868 million in the 2016/17 financial year and steadily decreases to R 20,063 million by 2017/18 and to R 18, 671 million in 2018/2019 .

Tariff setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 4.8 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

### **1.3.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget processes and the Property Rates Policy of the Municipality has been amended accordingly.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2015/16 financial year are based on 3 to 6.6 % increase from 1 July 2016 depending on the gap that existed between Kwa Sani and Ingwe Municipality.

**Table 4 Proposed Rates Tariffs**

Municipality	Description	Tariffs 15/16	15/16 % Rebates	16/17Tariff Increase/Decrease	% Tariff Increase/Decrease	16/17 Proposed Tariffs	16/17 Proposed Rebates	Rand Increase / Decrease
Ingwe	Residential	0.0185	30	-0.0048	-26	0.0137	30	-R 186,656
Ingwe	Business, Commercial and Industrial	0.0200	30	0.0010	5	0.0210	30	R 51,386
Ingwe	Agriculture	0.0046	35	-0.0012	-26	0.0034	35	-R 616,373
Ingwe	State-Owned	0.0046	0	0.0091	198	0.0137	0	R 2,104,073
Ingwe	State-Owned-Trust Land	0.0046	100	-0.0012	-25	0.0034	100	R 0
Ingwe	PSI	0.0046	40	-0.0012	-26	0.0034	40	-R 321
Ingwe	PBO	0.0046	100	-0.0012	-25	0.0034	100	R 0
Kwasani	Residential	0.0131	30	0.0007	5	0.0137	30	R 271,498
Kwasani	Residential	0.0131	35	0.0007	5	0.0137	35	R 39,205
Kwasani	Business, Commercial and Industrial	0.0261	30	-0.0051	-20	0.0210	30	-R 583,981
Kwasani	Agriculture	0.0033	35	0.0001	4	0.0034	35	R 97,257
Kwasani	State-Owned	0.0131	0	0.0007	5	0.0137	0	R 51,024
Kwasani	PSI	0.0033	40	0.0001	3	0.0034	40	R 1,538
Kwasani	PBO	0.0033	100	0.0001	4	0.0034	100	R 0
Kwasani	Tourism & Hospitality Rural	0.0065	55	0.0003	4	0.0068	55	R 46,850
Kwasani	Tourism & Hospitality Urban	0.0131	30	0.0007	5	0.0137	30	R 9,871
	<b>TOTAL NETT EFFECT</b>							<b>R 1,285,372</b>

Currently solid waste removal is not operating in the desired manner. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. Also, measures will have to be implemented to ensure that this service is offered equitably to all residents in the KSM region. The refuse collection charge tariff for Government Housing will increase by 6.6% in the 2016/17 financial year. All other annual charges for refuse collection will not increase.

### 1.3.2 Operating Expenditure Framework

The Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan and
- Operational gains and efficiencies will be directed to funding the capital budget and other core services.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

**Table 5 Summary of operating expenditure by standard classification item**

KZN432 Kwa Sani - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
<b>Expenditure By Type</b>											
Employee related costs	2	12,596	15,312	17,382	18,403	18,164	18,164	18,164	22,989	22,806	23,860
Remuneration of councillors		1,461	1,561	1,701	1,876	2,014	2,014	2,014	2,888	3,096	3,310
Debt impairment	3	2,105	3,593	2,897	115	132	132	132	61	13	14
Depreciation & asset impairment	2	1,891	2,750	6,732	3,038	3,871	3,871	3,871	4,155	4,185	4,192
Finance charges		214	266	165	151	268	268	268	135	93	99
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8										
Contracted services		5,153	3,733	4,358	4,031	7,793	7,793	7,793	4,483	4,949	5,133
Transfers and grants		-	177	179	428	142	142	142	145	153	162
Other expenditure	4, 5	9,915	11,354	12,377	16,035	15,988	15,988	15,988	11,623	9,664	7,746
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>33,336</b>	<b>38,747</b>	<b>45,792</b>	<b>44,076</b>	<b>48,371</b>	<b>48,371</b>	<b>48,371</b>	<b>46,479</b>	<b>44,959</b>	<b>44,516</b>

The Employee related cost per employee is estimated to increase by 7, 6 % in terms of the collective agreement even though in terms of the budget the increase is 26%, the difference between 26% and 7,6% is the anticipated increase that the municipality might incur after the completion of Job Evaluation for the New Municipality. All other line items have been increased by 6.6 % which is the projected inflation rate. Remuneration of Councilors has increased by 43% because are budgeted at Grade 3 while the adjustment budget for Kwa Sani Municipality was based Councilors remuneration for Grade 1 municipality. For the purposes of this budget preparation, all provincial and national unspent conditional grants have not been included in the budget and will be included in the adjustment budget 2016/17 subject to Rollover approval by the donor departments.

### 1.3.4 REPAIRS AND MAINTENANCE

The tables below shows audited figures for 2012/2013 to 2014/2015 repairs and maintenance by asset class and Budgeted Financial Position. The PPE for 2014/2015 is R 60 551 198, more than 40% of this are land buildings which does not need major maintenance, 44% of PPE are roads which need major repairs and maintenance, the municipality does not have enough funds to maintain its roads but it will ensure that all savings to other budget line items are transferred to the maintenance of roads through adjustment budget during the year. The budget for R & M for other assets would meet the required maintenance.

Table 6 Repairs and Maintenance by Asset class

KZN432 Kwa Sani - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure			1,415	647	1,095	1,358	1,258	1,258	1,060	1,224	1,295
Infrastructure - Road transport			1,382	620	1,029	1,358	1,258	1,258	1,001	1,161	1,228
Roads, Pavements & Bridges			1,382	620	1,029	1,358	1,258	1,258	1,001	1,161	1,228
Storm water											
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Generation											
Transmission & Reticulation											
Street Lighting											
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Dams & Reservoirs											
Water purification											
Reticulation											
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Reticulation											
Sewerage purification											
Infrastructure - Other			33	27	65	-	-	-	60	63	67
Waste Management			33	27	65				60	63	67
Transportation											
Gas											
Other											
Community			9	12	143	223	197	197	44	246	261
Parks & gardens											
Sportsfields & stadia											
Swimming pools											
Community halls			9	12	131	211	184	184	44	246	261
Libraries											
Recreational facilities											
Fire, safety & emergency											
Security and policing											
Buses											
Clinics											
Museums & Art Galleries											
Cemeteries											
Social rental housing											
Other					11	12	12	12			
Heritage assets			-	-	-	-	-	-	-	-	-
Buildings											
Other											
Investment properties			-	-	-	-	-	-	-	-	-
Housing development											
Other											
Other assets			321	333	373	652	638	638	359	433	405
General vehicles			138	174	205	164	229	229	200	213	225
Specialised vehicles			107	82	94	119	63	63	51	55	58
Plant & equipment					6				14	14	15
Computers - hardware/equipment						10	7	7	7	12	13
Furniture and other office equipment						3	-		10	61	64
Abattoirs											
Markets											
Civic Land and Buildings			38	27	16						
Other Buildings			29	46	51	191	184	184	77	79	30
Other Land			9	4							
Surplus Assets - (Investment or Inventory)											
Other						165	156	156			
Agricultural assets			-	-	-	-	-	-	-	-	-
List sub-class											
Biological assets			-	-	-	-	-	-	-	-	-
List sub-class											
Intangibles			-	-	-	-	-	-	-	-	-
Computers - software & programming											
Other (list sub-class)											
Total Repairs and Maintenance Expenditure		1	1,745	991	1,610	2,233	2,093	2,093	1,463	1,903	1,961
Specialised vehicles			107	82	94	119	63	63	51	55	58
Refuse			107	82	94	119	63	63	51	55	58
Fire											
Conservancy											
Ambulances											
R&M as a % of PPE			4.0%	1.7%	2.7%	2.6%	3.1%	3.1%	1.8%	2.3%	2.3%
R&M as % Operating Expenditure			5.2%	2.6%	3.5%	5.1%	4.3%	4.3%	0.0%	4.2%	4.4%

**Table 7 Budgeted Financial Position**

KZN432 Kwa Sani - Table A6 Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		24,003	25,868	18,941	3,961	3,961	3,961	3,961	5,075	6,103	7,077
Call investment deposits	1	-	-	-	20,000	16,092	16,092	16,092	15,903	15,903	15,903
Consumer debtors	1	5,443	1,701	1,633	4,083	4,083	4,083	4,083	6,655	9,368	12,239
Other debtors		2,017	2,469	748	2,128	2,128	2,128	2,128	1,128	1,128	1,128
Current portion of long-term receivables											
Inventory	2	6	6	6							
<b>Total current assets</b>		<b>31,469</b>	<b>30,044</b>	<b>21,329</b>	<b>30,172</b>	<b>26,264</b>	<b>26,264</b>	<b>26,264</b>	<b>28,761</b>	<b>32,502</b>	<b>36,347</b>
<b>Non current assets</b>											
Long-term receivables											
Investments											
Investment property		10,661	10,661	11,350	10,661	11,350	11,350	11,350	11,350	11,350	11,350
Investment in Associate											
Property, plant and equipment	3	43,873	58,993	60,551	86,240	67,000	67,000	67,000	79,132	81,272	83,724
Agricultural											
Biological											
Intangible			77	181	77	117	117	117	117	117	117
Other non-current assets											
<b>Total non current assets</b>		<b>54,534</b>	<b>69,731</b>	<b>72,083</b>	<b>96,978</b>	<b>78,467</b>	<b>78,467</b>	<b>78,467</b>	<b>90,599</b>	<b>92,739</b>	<b>95,191</b>
<b>TOTAL ASSETS</b>		<b>86,004</b>	<b>99,775</b>	<b>93,412</b>	<b>127,150</b>	<b>104,731</b>	<b>104,731</b>	<b>104,731</b>	<b>119,360</b>	<b>125,240</b>	<b>131,539</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1										
Borrowing	4	921	721	753	1,086	553	553	553	284	102	190
Consumer deposits		6	6	6	6	6	6	6	6	6	6
Trade and other payables	4	18,139	16,527	9,386	7,499	8,499	8,499	8,499	8,648	8,078	7,524
Provisions		3,208	2,501	2,903	-	1,589	1,589	1,589	2,903	2,903	2,903
<b>Total current liabilities</b>		<b>22,274</b>	<b>19,754</b>	<b>13,048</b>	<b>8,591</b>	<b>10,646</b>	<b>10,646</b>	<b>10,646</b>	<b>11,840</b>	<b>11,088</b>	<b>10,622</b>
<b>Non current liabilities</b>											
Borrowing		2,266	1,569	868	833	315	315	315	292	190	-
Provisions		506	-	-	-	-	-	-	-	-	-
<b>Total non current liabilities</b>		<b>2,772</b>	<b>1,569</b>	<b>868</b>	<b>833</b>	<b>315</b>	<b>315</b>	<b>315</b>	<b>292</b>	<b>190</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>25,046</b>	<b>21,323</b>	<b>13,916</b>	<b>9,424</b>	<b>10,961</b>	<b>10,961</b>	<b>10,961</b>	<b>12,132</b>	<b>11,278</b>	<b>10,622</b>
<b>NET ASSETS</b>	5	<b>60,958</b>	<b>78,452</b>	<b>79,495</b>	<b>117,727</b>	<b>93,770</b>	<b>93,770</b>	<b>93,770</b>	<b>107,228</b>	<b>113,962</b>	<b>120,917</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		58,601	75,746	75,829	115,021	90,021	90,021	90,021	103,323	110,052	117,001
Reserves	4	2,357	2,706	3,667	2,706	3,749	3,749	3,749	3,905	3,910	3,915
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>60,958</b>	<b>78,452</b>	<b>79,495</b>	<b>117,727</b>	<b>93,770</b>	<b>93,770</b>	<b>93,770</b>	<b>107,228</b>	<b>113,962</b>	<b>120,917</b>

### 1.3.5 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 8 – Capital Expenditure by vote, standard classification and funding**

KZN432 Kwa Sani - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
<u>Capital expenditure - Municipal Vote</u>	2										
<u>Multi-year expenditure appropriation</u>									-	-	-
Capital multi-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
<u>Capital expenditure - Municipal Vote</u>	2										
<u>Single-year expenditure appropriation</u>											
Governance and administration		34	1,257	475	890	632	632	632	168	-	-
Executive and council		6	217	22	625	535	535	535	71		
Budget and treasury office		28	898	384	161	45	45	45	98		
Corporate Services			142	69	104	52	52	52	-		
Community and public safety		2,604	9,844	2,859	70	70	70	70	4,469	3,736	-
Community and social services		2,604	9,844	2,859	70	70	70	70	4,469	3,736	-
Economic and environmental services		6,156	2,942	5,170	9,356	9,613	9,613	9,613	2,426	2,588	6,645
Planning and development		6,156	-	5,170	9,356	9,613	9,613	9,613	2,426	2,588	6,645
Road transport			2,942								
Environmental protection											
Trading services		-	255	-	4	4	4	4	-	-	-
Electricity											
Water											
Waste water management											
Waste management			255								
Other					4	4	4	4			
Capital single-year expenditure sub-total		8,794	14,299	8,504	10,320	10,320	10,320	10,320	7,064	6,324	6,645
Total Capital Expenditure		8,794	14,299	8,504	10,320	10,320	10,320	10,320	7,064	6,324	6,645

For 2016/17 an amount of R 6, 875 million has been appropriated for the development of infrastructure in the total capital budget. In the outer years this amount totals R 6, 324 million and R 6, 645 million respectively for each of the financial years.

### 1.4 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF.

## 1.4.1 Table 9 MBRR Table A1 - Budget Summary

KZN432 Kwa Sani - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	12,472	15,329	14,155	15,172	15,417	15,417	15,417	15,162	16,072	17,004
Service charges	2,121	2,123	2,246	2,359	2,727	2,727	2,727	2,709	2,871	3,038
Investment revenue	931	1,190	975	1,257	1,257	1,257	1,257	1,229	1,303	1,378
Transfers recognised - operational	17,058	23,401	19,877	21,536	21,536	21,536	21,536	22,990	20,063	18,671
Other own revenue	845	1,069	2,276	3,764	7,436	7,436	7,436	4,396	4,659	4,437
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>33,427</b>	<b>43,113</b>	<b>39,529</b>	<b>44,088</b>	<b>48,373</b>	<b>48,373</b>	<b>48,373</b>	<b>46,486</b>	<b>44,968</b>	<b>44,529</b>
Employee costs	12,596	15,312	17,382	18,403	18,164	18,164	18,164	22,989	22,806	23,860
Remuneration of councillors	1,461	1,561	1,701	1,876	2,014	2,014	2,014	2,888	3,096	3,310
Depreciation & asset impairment	1,891	2,750	6,732	3,038	3,871	3,871	3,871	4,155	4,185	4,192
Finance charges	214	266	165	151	268	268	268	135	93	99
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	-	177	179	428	142	142	142	145	153	162
Other expenditure	17,173	18,680	19,632	20,180	23,912	23,912	23,912	16,167	14,626	12,893
<b>Total Expenditure</b>	<b>33,336</b>	<b>38,747</b>	<b>45,792</b>	<b>44,076</b>	<b>48,371</b>	<b>48,371</b>	<b>48,371</b>	<b>46,479</b>	<b>44,959</b>	<b>44,516</b>
<b>Surplus/(Deficit)</b>	<b>91</b>	<b>4,366</b>	<b>(6,263)</b>	<b>12</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>7</b>	<b>9</b>	<b>13</b>
Transfers recognised - capital	9,406	9,083	7,478	7,530	7,530	7,530	7,530	6,875	6,324	6,645
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>9,497</b>	<b>13,449</b>	<b>1,215</b>	<b>7,542</b>	<b>7,531</b>	<b>7,531</b>	<b>7,531</b>	<b>6,882</b>	<b>6,333</b>	<b>6,658</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>9,497</b>	<b>13,449</b>	<b>1,215</b>	<b>7,542</b>	<b>7,531</b>	<b>7,531</b>	<b>7,531</b>	<b>6,882</b>	<b>6,333</b>	<b>6,658</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	8,794	14,299	8,504	10,320	10,320	10,320	10,320	7,064	6,324	6,645
Transfers recognised - capital	7,895	9,083	7,478	7,530	7,530	7,530	7,530	6,875	6,324	6,645
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	844	-	-	-	-	-	-	-	-	-
Internally generated funds	55	5,216	1,026	2,790	2,790	2,790	2,790	189	(0)	-
<b>Total sources of capital funds</b>	<b>8,794</b>	<b>14,299</b>	<b>8,504</b>	<b>10,320</b>	<b>10,320</b>	<b>10,320</b>	<b>10,320</b>	<b>7,064</b>	<b>6,324</b>	<b>6,645</b>
<b>Financial position</b>										
Total current assets	31,469	30,044	21,329	30,172	26,264	26,264	26,264	28,761	32,502	36,347
Total non current assets	54,534	69,731	72,083	96,978	78,467	78,467	78,467	90,599	92,739	95,191
Total current liabilities	22,274	19,754	13,048	8,591	10,646	10,646	10,646	11,840	11,088	10,622
Total non current liabilities	2,772	1,569	868	833	315	315	315	292	190	-
Community wealth/Equity	60,958	78,452	79,495	117,727	93,770	93,770	93,770	107,228	113,962	120,917
<b>Cash flows</b>										
Net cash from (used) operating	12,036	16,751	2,462	9,973	6,081	6,081	6,081	8,375	7,644	7,810
Net cash from (used) investing	(9,473)	(14,268)	(8,354)	(10,320)	(10,320)	(10,320)	(10,320)	(7,064)	(6,324)	(6,645)
Net cash from (used) financing	(1,440)	(533)	(1,033)	(736)	(753)	(753)	(753)	(386)	(292)	(190)
<b>Cash/cash equivalents at the year end</b>	<b>23,917</b>	<b>25,868</b>	<b>18,942</b>	<b>23,961</b>	<b>20,053</b>	<b>20,053</b>	<b>20,053</b>	<b>20,978</b>	<b>22,006</b>	<b>22,981</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	24,003	25,868	18,941	23,961	20,053	20,053	20,053	20,978	22,006	22,981
Application of cash and investments	11,778	14,427	8,208	2,899	5,150	5,150	4,203	3,749	(159)	(3,200)
<b>Balance - surplus (shortfall)</b>	<b>12,225</b>	<b>11,441</b>	<b>10,734</b>	<b>21,062</b>	<b>14,903</b>	<b>14,903</b>	<b>15,850</b>	<b>17,229</b>	<b>22,165</b>	<b>26,181</b>
<b>Asset management</b>										
Asset register summary (WDV)	54,534	69,754	72,083	96,978	78,467	78,467	373,329	373,329	1,707,489	8,103,778
Depreciation & asset impairment	1,891	2,750	6,732	3,038	3,871	3,871	4,155	4,155	4,185	4,192
Renewal of Existing Assets	8,101	13,026	4,478	8,689	10,028	10,028	10,028	7,064	6,324	6,645
Repairs and Maintenance	1,745	991	1,610	2,233	2,093	2,093	1,463	1,463	1,903	1,961
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	428	390	390	-	-	-	-
Revenue cost of free services provided	16,335	8,090	8,265	15,993	15,858	15,858	8,845	8,845	9,130	9,660
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	1	1	1	2	2	2	2	2	2	2



**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts to be approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor.

### 1.4.2 Table 10 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN432 Kwa Sani - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		38,848	43,119	41,703	45,854	49,303	49,303	47,394	46,140	45,728
Executive and council		539	1,409	1,158	1,386	1,428	1,428	64	68	72
Budget and treasury office		38,310	41,710	40,545	44,468	47,875	47,875	47,330	46,072	45,656
Corporate services		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		1,383	6,644	2,336	1,972	2,235	2,235	2,370	1,340	1,412
Community and social services		1,310	6,534	2,165	1,888	2,191	2,191	1,844	782	822
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		73	110	171	84	44	44	526	557	590
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		183	511	424	1,237	1,466	1,466	728	772	817
Planning and development		118	310	145	416	751	751	425	451	477
Road transport		65	201	279	821	715	715	303	321	340
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		2,394	2,152	2,433	2,555	2,898	2,898	2,868	3,040	3,217
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		2,394	2,152	2,433	2,555	2,898	2,898	2,868	3,040	3,217
<i>Other</i>	4	25	24	–	–	–	–	–	–	–
Total Revenue - Standard	2	42,833	52,450	46,896	51,618	55,903	55,903	53,361	51,292	51,174
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		17,024	22,350	29,441	26,501	28,553	28,553	26,584	24,136	22,377
Executive and council		7,002	11,439	6,758	8,086	7,333	7,333	5,199	5,555	5,920
Budget and treasury office		10,022	9,482	20,597	15,938	17,541	17,541	18,098	15,609	13,286
Corporate services		–	1,429	2,086	2,477	3,679	3,679	3,287	2,972	3,172
<i>Community and public safety</i>		9,842	11,020	10,660	9,962	12,502	12,502	10,937	11,168	11,883
Community and social services		6,190	9,018	8,443	7,754	8,008	8,008	8,219	8,268	8,796
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		3,652	2,002	2,218	2,208	4,494	4,494	2,718	2,900	3,088
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		3,983	3,179	2,988	3,458	3,162	3,162	3,907	4,272	4,551
Planning and development		1,938	1,978	2,277	2,591	2,501	2,501	3,156	3,468	3,692
Road transport		2,045	1,201	711	867	661	661	751	804	859
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		1,596	1,458	1,612	2,562	2,860	2,860	2,845	3,033	3,206
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		1,596	1,458	1,612	2,562	2,860	2,860	2,845	3,033	3,206
<i>Other</i>	4	891	739	1,091	1,593	1,294	1,294	2,206	2,350	2,498
Total Expenditure - Standard	3	33,336	38,746	45,792	44,076	48,371	48,371	46,479	44,959	44,516
Surplus/(Deficit) for the year		9,497	13,704	1,104	7,542	7,531	7,531	6,882	6,333	6,658

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. The Total Revenue on this table includes capital revenues (Transfers recognised – capital).
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Governance and Trading functions, but not the Economic, Community and Public Services and Other function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Governance Vote.

### 1.4.3 Table 11 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN432 Kwa Sani - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>										
<b>Revenue by Vote</b>	<b>1</b>									
Municipal governance and administration		38,848	43,119	41,703	45,854	49,303	49,303	47,394	46,140	45,728
Community and public safety		1,310	6,534	2,165	1,888	2,191	2,191	1,844	782	822
Public safety		73	110	171	84	44	44	526	557	590
Economic and environmental services		183	511	424	1,237	1,466	1,466	728	772	817
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		2,394	2,152	2,433	2,555	2,898	2,898	2,868	3,040	3,217
Other		25	24	-	-	-	-	-	-	-
Vote 8 - ( NAME OF VOTE)		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>2</b>	<b>42,833</b>	<b>52,450</b>	<b>46,896</b>	<b>51,618</b>	<b>55,903</b>	<b>55,903</b>	<b>53,361</b>	<b>51,292</b>	<b>51,174</b>
<b>Expenditure by Vote <i>to be appropriated</i></b>	<b>1</b>									
Municipal governance and administration		17,024	22,350	29,441	26,501	28,553	28,553	26,584	24,136	22,377
Community and social services		6,190	9,018	8,443	7,754	8,008	8,008	8,219	8,268	8,796
Public safety		3,652	2,002	2,218	2,208	4,494	4,494	2,718	2,900	3,088
Economic and environmental services		1,938	1,978	2,277	2,591	2,501	2,501	3,156	3,468	3,692
Road transport		2,045	1,201	711	867	661	661	751	804	859
Trading services		1,596	1,458	1,612	2,562	2,860	2,860	2,845	3,033	3,206
Other		891	739	1,091	1,593	1,294	1,294	2,206	2,350	2,498
Vote 8 - ( NAME OF VOTE)		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>33,336</b>	<b>38,746</b>	<b>45,792</b>	<b>44,076</b>	<b>48,371</b>	<b>48,371</b>	<b>46,479</b>	<b>44,959</b>	<b>44,516</b>
<b>Surplus/(Deficit) for the year</b>	<b>2</b>	<b>9,497</b>	<b>13,704</b>	<b>1,104</b>	<b>7,542</b>	<b>7,531</b>	<b>7,531</b>	<b>6,882</b>	<b>6,333</b>	<b>6,658</b>

### Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the Organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

## 1.4.4 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Table 12 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN432 Kwa Sani - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
<b>Revenue By Source</b>											
Property rates	2	11,740	12,487	12,971	14,116	14,004	14,004	14,004	13,919	14,754	15,610
Property rates - penalties & collection charges		732	2,842	1,184	1,056	1,413	1,413	1,413	1,243	1,318	1,394
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	2,121	2,123	2,246	2,359	2,727	2,727	2,727	2,709	2,871	3,038
Service charges - other											
Rental of facilities and equipment		298	303	342	461	350	350	350	371	393	416
Interest earned - external investments		931	1,190	975	1,257	1,257	1,257	1,257	1,229	1,303	1,378
Interest earned - outstanding debtors				184	194	169	169	169	151	160	170
Dividends received											
Fines		73	110	98	84	44	44	44	38	40	55
Licences and permits		65	201	278	826	718	718	718	796	844	893
Agency services											
Transfers recognised - operational		17,058	23,401	19,877	21,536	21,536	21,536	21,536	22,990	20,063	18,671
Other revenue	2	409	215	1,216	2,199	6,155	6,155	6,155	3,040	3,221	2,903
Gains on disposal of PPE			240	158							
<b>Total Revenue (excluding capital transfers and contributions)</b>		33,427	43,113	39,529	44,088	48,373	48,373	48,373	46,486	44,968	44,529
<b>Expenditure By Type</b>											
Employee related costs	2	12,596	15,312	17,382	18,403	18,164	18,164	18,164	22,989	22,806	23,860
Remuneration of councillors		1,461	1,561	1,701	1,876	2,014	2,014	2,014	2,888	3,096	3,310
Debt impairment	3	2,105	3,593	2,897	115	132	132	132	61	13	14
Depreciation & asset impairment	2	1,891	2,750	6,732	3,038	3,871	3,871	3,871	4,155	4,185	4,192
Finance charges		214	266	165	151	268	268	268	135	93	99
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8										
Contracted services		5,153	3,733	4,358	4,031	7,793	7,793	7,793	4,483	4,949	5,133
Transfers and grants		-	177	179	428	142	142	142	145	153	162
Other expenditure	4, 5	9,915	11,354	12,377	16,035	15,988	15,988	15,988	11,623	9,664	7,746
Loss on disposal of PPE									-		
<b>Total Expenditure</b>		33,336	38,747	45,792	44,076	48,371	48,371	48,371	46,479	44,959	44,516
<b>Surplus/(Deficit)</b>		91	4,366	(6,263)	12	1	1	1	7	9	13
Transfers recognised - capital		9,406	9,083	7,478	7,530	7,530	7,530	7,530	6,875	6,324	6,645
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		9,497	13,449	1,215	7,542	7,531	7,531	7,531	6,882	6,333	6,658
Taxation											
<b>Surplus/(Deficit) after taxation</b>		9,497	13,449	1,215	7,542	7,531	7,531	7,531	6,882	6,333	6,658
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		9,497	13,449	1,215	7,542	7,531	7,531	7,531	6,882	6,333	6,658
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		9,497	13,449	1,215	7,542	7,531	7,531	7,531	6,882	6,333	6,658

#### **Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R 46, 486 million in 2016/2017 and decreases to R 44, 968 million in 2017/18 and to R 44, 529 million in 2018/2019 due to decrease in equitable share.
2. Revenue to be generated from property rates is R 13, 9 million in the 2016/17 financial year and increases to R 14, 7 million in 2017/2018 and to R 15, 6 million in 2018/19 financial year. Rates remain a significant funding source for the municipality.
3. Services charges relating to refuse removal constitute R 2, 7 million of the revenue basket of KSM.
4. Transfers recognized – operational includes the local government equitable share and other operating grants from national and provincial government.

## 1.4.5 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Table 13 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN432 Kwa Sani - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Governance and administration		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Other		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	<b>7</b>	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Governance and administration		34	1,257	475	890	632	632	632	168	-	-
Community and public safety		2,604	9,844	2,859	70	70	70	70	4,469	3,736	-
Economic and environmental services		6,156	2,942	5,170	9,356	9,613	9,613	9,613	2,426	2,588	6,645
Trading services		-	255	-	4	4	4	4	-	-	-
Vote 5 - Other		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		8,794	14,299	8,504	10,320	10,320	10,320	10,320	7,064	6,324	6,645
<b>Total Capital Expenditure - Vote</b>		8,794	14,299	8,504	10,320	10,320	10,320	10,320	7,064	6,324	6,645
<b>Capital Expenditure - Standard</b>											
<i>Governance and administration</i>		34	1,257	475	890	632	632	632	168	-	-
Executive and council		6	217	22	625	535	535	535	71	-	-
Budget and treasury office		28	898	384	161	45	45	45	98	-	-
Corporate services		-	142	69	104	52	52	52	-	-	-
<i>Community and public safety</i>		2,604	9,844	2,859	70	70	70	70	4,469	3,736	-
Community and social services		2,604	9,844	2,859	70	70	70	70	4,469	3,736	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		6,156	2,942	5,170	9,356	9,613	9,613	9,613	2,426	2,588	6,645
Planning and development		6,156	-	5,170	9,356	9,613	9,613	9,613	2,426	2,588	6,645
Road transport		-	2,942	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	255	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	255	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	4	4	4	4	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	8,794	14,299	8,504	10,320	10,320	10,320	10,320	7,064	6,324	6,645
<b>Funded by:</b>											
National Government		7,895	9,083	7,478	7,530	7,530	7,530	7,530	6,875	6,324	6,645
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	<b>4</b>	7,895	9,083	7,478	7,530	7,530	7,530	7,530	6,875	6,324	6,645
Public contributions & donations	<b>5</b>	-	-	-	-	-	-	-	-	-	-
Borrowing	<b>6</b>	844	-	-	-	-	-	-	-	-	-
Internally generated funds		55	5,216	1,026	2,790	2,790	2,790	2,790	189	(0)	-
<b>Total Capital Funding</b>	<b>7</b>	8,794	14,299	8,504	10,320	10,320	10,320	10,320	7,064	6,324	6,645

#### **Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R 7, 064 million for the 2016/17 financial year, to R 6, 324 million and R 6,645 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of KSM. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against multi-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from current year surpluses.



## 1.4.6 MBRR Table A6 - Budgeted Financial Position

Table 14 MBRR Table A6 - Budgeted Financial Position

KZN432 Kwa Sani - Table A6 Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
<b>ASSETS</b>											
Current assets											
Cash		24,003	25,868	18,941	3,961	3,961	3,961	3,961	5,075	6,103	7,077
Call investment deposits	1	–	–	–	20,000	16,092	16,092	16,092	15,903	15,903	15,903
Consumer debtors	1	5,443	1,701	1,633	4,083	4,083	4,083	4,083	6,655	9,368	12,239
Other debtors		2,017	2,469	748	2,128	2,128	2,128	2,128	1,128	1,128	1,128
Current portion of long-term receivables											
Inventory	2	6	6	6							
<b>Total current assets</b>		<b>31,469</b>	<b>30,044</b>	<b>21,329</b>	<b>30,172</b>	<b>26,264</b>	<b>26,264</b>	<b>26,264</b>	<b>28,761</b>	<b>32,502</b>	<b>36,347</b>
Non current assets											
Long-term receivables											
Investments											
Investment property		10,661	10,661	11,350	10,661	11,350	11,350	11,350	11,350	11,350	11,350
Investment in Associate											
Property, plant and equipment	3	43,873	58,993	60,551	86,240	67,000	67,000	67,000	79,132	81,272	83,724
Agricultural											
Biological											
Intangible			77	181	77	117	117	117	117	117	117
Other non-current assets											
<b>Total non current assets</b>		<b>54,534</b>	<b>69,731</b>	<b>72,083</b>	<b>96,978</b>	<b>78,467</b>	<b>78,467</b>	<b>78,467</b>	<b>90,599</b>	<b>92,739</b>	<b>95,191</b>
<b>TOTAL ASSETS</b>		<b>86,004</b>	<b>99,775</b>	<b>93,412</b>	<b>127,150</b>	<b>104,731</b>	<b>104,731</b>	<b>104,731</b>	<b>119,360</b>	<b>125,240</b>	<b>131,539</b>
<b>LIABILITIES</b>											
Current liabilities											
Bank overdraft	1										
Borrowing	4	921	721	753	1,086	553	553	553	284	102	190
Consumer deposits		6	6	6	6	6	6	6	6	6	6
Trade and other payables	4	18,139	16,527	9,386	7,499	8,499	8,499	8,499	8,648	8,078	7,524
Provisions		3,208	2,501	2,903	–	1,589	1,589	1,589	2,903	2,903	2,903
<b>Total current liabilities</b>		<b>22,274</b>	<b>19,754</b>	<b>13,048</b>	<b>8,591</b>	<b>10,646</b>	<b>10,646</b>	<b>10,646</b>	<b>11,840</b>	<b>11,088</b>	<b>10,622</b>
Non current liabilities											
Borrowing		2,266	1,569	868	833	315	315	315	292	190	–
Provisions		506	–	–	–	–	–	–	–	–	–
<b>Total non current liabilities</b>		<b>2,772</b>	<b>1,569</b>	<b>868</b>	<b>833</b>	<b>315</b>	<b>315</b>	<b>315</b>	<b>292</b>	<b>190</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>		<b>25,046</b>	<b>21,323</b>	<b>13,916</b>	<b>9,424</b>	<b>10,961</b>	<b>10,961</b>	<b>10,961</b>	<b>12,132</b>	<b>11,278</b>	<b>10,622</b>
<b>NET ASSETS</b>	5	<b>60,958</b>	<b>78,452</b>	<b>79,495</b>	<b>117,727</b>	<b>93,770</b>	<b>93,770</b>	<b>93,770</b>	<b>107,228</b>	<b>113,962</b>	<b>120,917</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		58,601	75,746	75,829	115,021	90,021	90,021	90,021	103,323	110,052	117,001
Reserves	4	2,357	2,706	3,667	2,706	3,749	3,749	3,749	3,905	3,910	3,915
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>60,958</b>	<b>78,452</b>	<b>79,495</b>	<b>117,727</b>	<b>93,770</b>	<b>93,770</b>	<b>93,770</b>	<b>107,228</b>	<b>113,962</b>	<b>120,917</b>

## **Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

## 1.4.7 MBRR Table A7 - Budgeted Cash Flow Statement

Table 15 MBRR Table A7 - Budgeted Cash Flow Statement

KZN432 Kwa Sani - Table A7 Budgeted Cash Flows

REN432 RWD Sum - Table 17: Budgeted Cash Flows												
Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
Receipts												
Property rates, penalties & collection charges			5,868	11,749	12,881	14,413	15,149	15,149	15,149	12,888	13,661	14,454
Service charges			2,286	2,123	2,044	2,242	2,345	2,345	2,345	2,411	2,556	2,704
Other revenue			381	942	1,466	3,391	2,598	2,598	2,598	4,245	4,499	4,268
Government - operating		1	17,059	16,840	19,877	21,536	21,536	21,536	21,536	22,990	20,063	18,671
Government - capital		1	9,405	9,083	7,478	7,530	7,530	7,530	7,530	6,875	6,324	6,645
Interest			931	1,190	975	1,441	1,292	1,292	1,292	1,229	1,303	1,378
Dividends										-	-	-
Payments												
Suppliers and employees			(23,680)	(24,910)	(41,915)	(40,241)	(43,958)	(43,958)	(43,958)	(41,983)	(40,515)	(40,049)
Finance charges			(214)	(266)	(165)	(151)	(268)	(268)	(268)	(135)	(93)	(99)
Transfers and Grants		1			(179)	(189)	(142)	(142)	(142)	(145)	(153)	(162)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>			12,036	16,751	2,462	9,973	6,081	6,081	6,081	8,375	7,644	7,810
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
Receipts												
Proceeds on disposal of PPE				114	150					-	-	-
Decrease (Increase) in non-current debtors										-	-	-
Decrease (increase) other non-current receivables										-	-	-
Decrease (increase) in non-current investments										-	-	-
Payments												
Capital assets			(9,473)	(14,382)	(8,504)	(10,320)	(10,320)	(10,320)	(10,320)	(7,064)	(6,324)	(6,645)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>			(9,473)	(14,268)	(8,354)	(10,320)	(10,320)	(10,320)	(10,320)	(7,064)	(6,324)	(6,645)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
Receipts												
Short term loans										-	-	-
Borrowing long term/refinancing										-	-	-
Increase (decrease) in consumer deposits										-	-	-
Payments												
Repayment of borrowing			(1,440)	(533)	(1,033)	(736)	(753)	(753)	(753)	(386)	(292)	(190)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>			(1,440)	(533)	(1,033)	(736)	(753)	(753)	(753)	(386)	(292)	(190)
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>			1,123	1,951	(6,926)	(1,083)	(4,991)	(4,991)	(4,991)	925	1,028	975
Cash/cash equivalents at the year begin:		2	22,795	23,917	25,868	25,044	25,044	25,044	25,044	20,053	20,978	22,006
Cash/cash equivalents at the year end:		2	23,917	25,868	18,942	23,961	20,053	20,053	20,053	20,978	22,006	22,981

## Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The municipality does not have long-term investments, all investments are on 24 hour call deposit accounts. Most of these investments are grants that the municipality received to spend in the budget year therefor cannot be invested for longer periods.
4. Cash levels of R 20, 978 million in 2016/17, it increases to R 22, 006 million in 2017/2018 and R 22, 981 million in 2018/2019.
5. The municipality is planning to recover cash in terms of credit control and debt collection strategy from consumers to ensure sufficient cash is available to meet daily requirements.
6. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

## 1.4.8 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

**Table 16 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

KZN432 Kwa Sani - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	23,917	25,868	18,942	23,961	20,053	20,053	20,053	20,978	22,006	22,981
Other current investments > 90 days		85	(1)	(0)	-	0	0	0	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		24,003	25,868	18,941	23,961	20,053	20,053	20,053	20,978	22,006	22,981
Application of cash and investments											
Unspent conditional transfers		-	2,870	1,394	500	1,500	1,500	1,500	656	586	532
Unspent borrowing		990	915	930	947	947	947		957	-	-
Statutory requirements	2	(3,226)	364		300						
Other working capital requirements	3	14,014	10,278	5,884	1,152	2,120	2,120	2,120	1,161	(1,720)	(4,707)
Other provisions									393	393	393
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5					583	583	583	583	583	583
Total Application of cash and investments:		11,778	14,427	8,208	2,899	5,150	5,150	4,203	3,749	(159)	(3,200)
Surplus(shortfall)		12,225	11,441	10,734	21,062	14,903	14,903	15,850	17,229	22,165	26,181

### References

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves

### Other working capital requirements

Debtors	4,125	3,379	2,108	5,847	4,879	4,879	4,879	6,831	9,212	11,699
Creditors due	18,139	13,657	7,992	6,999	6,999	6,999	6,999	7,992	7,492	6,992
<b>Total</b>	<b>(14,014)</b>	<b>(10,278)</b>	<b>(5,884)</b>	<b>(1,152)</b>	<b>(2,120)</b>	<b>(2,120)</b>	<b>(2,120)</b>	<b>(1,161)</b>	<b>1,720</b>	<b>4,707</b>

### Debtors collection assumptions

Balance outstanding - debtors	7,460	4,170	2,381	6,211	6,211	6,211	6,211	7,783	10,496	13,367
Estimate of debtors collection rate	55.3%	81.0%	88.5%	94.1%	78.5%	78.5%	78.5%	87.8%	87.8%	87.5%

## Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. Reserves of R 583 000 on the MTREF are cash backed.
3. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
4. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
5. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
6. From the table it can be seen that for the period 2016/17 to 2018/19 the surplus is R 17, 1 million and it increases to R 22, 1 million and decreases to R 26, 1 million in the following years.
7. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2016/17 MTREF is funded.
8. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

## 1.4.9 Table 17 MBRR Table A9 - Asset Management

KZN432 Kwa Sani - Table A9 Asset Management

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CAPITAL EXPENDITURE											
Total New Assets		1	693	1,274	4,026	1,631	292	292	-	-	-
Infrastructure - Road transport			-	898	1,302	31	-	-	-	-	-
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	2,271	-	-	-	-	-	-
Infrastructure			-	898	3,573	31	-	-	-	-	-
Community			389	-	-	-	-	-	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6	304	375	327	1,600	292	292	-	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	126	-	-	-	-	-	-
Total Renewal of Existing Assets		2	8,101	13,026	4,478	8,689	10,028	10,028	7,064	6,324	6,645
Infrastructure - Road transport			7,694	11,623	2,884	7,687	8,808	8,808	6,875	6,324	6,645
Infrastructure - Electricity			-	-	984	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Infrastructure			7,694	11,623	3,868	7,687	8,808	8,808	6,875	6,324	6,645
Community			389	1,043	119	112	496	496	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6	18	360	491	890	724	724	188	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Total Capital Expenditure		4	7,694	12,521	4,186	7,718	8,808	8,808	6,875	6,324	6,645
Infrastructure - Road transport			-	-	984	-	-	-	-	-	-
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	2,271	-	-	-	-	-	-
Infrastructure			7,694	12,521	7,441	7,718	8,808	8,808	6,875	6,324	6,645
Community			778	1,043	119	112	496	496	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets			322	735	818	2,490	1,016	1,016	188	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	126	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		2	8,794	14,299	8,504	10,320	10,320	10,320	7,064	6,324	6,645
ASSET REGISTER SUMMARY - PPE (WDV)											
Infrastructure - Road transport		5			21,791	28,690	23,717	23,717	133,160	624,114	2,977,866
Infrastructure - Electricity											
Infrastructure - Water					389						
Infrastructure - Sanitation											
Infrastructure - Other			43,873	59,016	21,386	39,568	28,976	28,976	148,374	695,418	3,318,082
Infrastructure			43,873	59,016	43,566	68,258	52,693	52,693	281,534	1,319,532	6,295,948
Community					14,259	11,308	14,307	14,307	80,327	376,490	1,796,363
Heritage assets											
Investment properties			10,661	10,661	11,350	10,661	11,350	11,350	11,350	11,350	11,350
Other assets					2,726	6,674					
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	77	181	77	117	117	117	117	117
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	54,534	69,754	72,083	96,978	78,467	78,467	373,329	1,707,489	8,103,778
EXPENDITURE OTHER ITEMS											
Depreciation & asset impairment		3	1,891	2,750	6,732	3,038	3,871	3,871	4,155	4,185	4,192
Repairs and Maintenance by Asset Class			1,745	991	1,610	2,233	2,093	2,093	1,463	1,903	1,961
Infrastructure - Road transport			1,382	620	1,029	1,358	1,258	1,258	1,001	1,161	1,228
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			33	27	65	-	-	-	60	63	67
Infrastructure			1,415	647	1,095	1,358	1,258	1,258	1,060	1,224	1,295
Community			9	12	143	223	197	197	44	246	261
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6, 7	321	333	373	652	638	638	359	433	405
TOTAL EXPENDITURE OTHER ITEMS			3,636	3,741	8,343	5,271	5,964	5,964	5,619	6,088	6,153
Renewal of Existing Assets as % of total capex			92.1%	91.1%	52.7%	84.2%	97.2%	97.2%	100.0%	100.0%	100.0%
Renewal of Existing Assets as % of deprecn"			428.3%	473.6%	66.5%	286.0%	259.1%	259.1%	170.0%	151.1%	158.5%
R&M as a % of PPE			4.0%	1.7%	2.7%	2.6%	3.1%	3.1%	1.8%	2.3%	2.3%
Renewal and R&M as a % of PPE			18.0%	20.0%	8.0%	11.0%	15.0%	15.0%	2.0%	0.0%	0.0%

### **Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does meet the recommendations for the renewal of existing assets and other assets except for maintenance of roads as previously indicated on prior tables above.

## 1.4.10 MBRR Table A10 - Basic Service Delivery Measurement

Table 18 MBRR Table A10 - Basic Service Delivery Measurement

KZN432 Kwa Sani - Table A10 Basic service delivery measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Household service targets</b>	1									
<u>Water:</u>										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<u>Energy:</u>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<u>Refuse:</u>										
Removed at least once a week		1,200	3,545	1,200	3,545	1,200	1,200	1,200	1,200	1,200
<i>Minimum Service Level and Above sub-total</i>		1,200	3,545	1,200	3,545	1,200	1,200	1,200	1,200	1,200
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		800	800	800	800	800	800	800	800	800
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	40	-	40	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		800	840	800	1,840	1,800	1,800	1,800	1,800	1,800
<b>Total number of households</b>	5	2,000	4,385	2,000	5,385	3,000	3,000	3,000	3,000	3,000
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		305,000	188,000	178,856	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	428	390	390	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>		-	-	-	428	390	390	-	-	-
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		16,335	8,090	8,265	15,678	15,626	15,626	8,381	8,884	9,399
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	315	232	232	232	246	260
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other								232		
<b>Total revenue cost of subsidised services provided</b>	6	16,335	8,090	8,265	15,993	15,858	15,858	8,845	9,130	9,660

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality reports on backlogs for :
  - a. Refuse services



## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the CFO.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

Community consultation started in October 2015 which informed the Draft and Final Budget. The Draft and Final budget was discussed with HODs, presented to MANCO, Budget Steering Committee and to the Budget and Treasury Committee before being tabled to the Council.

### 2.1.1.1 BELOW IS THE IDP AND BUDGET PROCESS PLAN

**TABLE 19 IDP AND BUDGET PROCESS PLAN**

LEGISLATION	ACTION	PURPOSE	RESPONSIBILITY	PROPOSED TARGET DATE
MFMA 21 (1)(B) & 53(1)(B)	Tabling of IDP and Budget Process Plan	To inform council and community about the budget and IDP time schedule of key deadlines (include timing for development of policies and process of consultation).	Mayor	31 August 2015
MSA 26 (b)	Evaluation of changes of circumstances and baseline	To determine status quo/situational analysis; Budget office to determine revenue projections and proposed rate and service charges; Drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives;	HODs  CFO	30 September 2015
MFMA Guidance	Commence Preparation of departmental SDBIP	Compilation of SDBIP that will incorporate inputs from other stakeholders	HODs	October 2015
MFMA Guidance	Public Participating	In order to adhere to Chapter 4 of the MSA and ensure that members of the community partake in the affairs of the Municipality.	Office of the Mayor	November-December 2015
Chapter 4 of the Municipal Systems Act	IDP Forum and continuous meetings with sector departments and the District	To ensure that concerns of all relevant stakeholders are taken into account. To solicit input from service providers and the DM and Sector Departments (Schools, libraries, clinics, water, electricity and roads).	CFO	In line with IDP Forum Meeting dates
MFMA Guidance	Assessment of Sector plans	To check if there is a need for preparation or review and identify gaps for alignment with IDP	IDP and HODs	In line with IDP Forum Meeting dates

MFMA Sec 21(1)(b)(ii)	Assessment of policies including tariff policy	To check availability and relevance and submit proposed new tariff policy for next financial year	IDP and MM and Finance and Council	Oct / Nov 2015
MFMA Guidance	Submission of revenue projections and proposed rates and services charges (tariff policy) to Council for consideration	To ascertain availability of funds for the implementation of the IDP	MM, CFO and Council	Dec 2015
MFMA Guidance	Submission of projections by departments	For compilation of draft budget	CFO and HODs	7 Dec 2015
MFMA Sec 72(1)(a)(i)(ii)(iii)(VI) & (b)(i)(ii)(iii)	Mid –year Budget and performance assessment	Assessment of municipality for first half of the 14/15 financial year to detect warning signals and devise remedial measures; Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years to be made available by 21 January)	MM, HODs and CFO	25 JAN 2016

### **2.1.2 Budget and IDP overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2015) a time schedule that sets out the process to revise the IDP and prepare the budget. The Mayor tabled in Council the required the IDP and budget time schedule.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2016/17 MTREF, based on the approved 2015/16 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **2.1.3 Financial Modeling and Key Planning Drivers**

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- Municipal growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)

- Performance trends
- The approved 2015/16 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Actuals for the period ended in April 2016
- Improved and sustainable service delivery

## **2.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment

between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/17 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 20 - IDP Strategic Objectives**

2016/17
1.To build Transparent administrative body capable of achieving transparency and integrity whilst addressing the needs of KwaSani Community
2.To facilitate community development and involvement; ensure higher levels of democracy and public participation
3.To create enabling investment environment and provide all residents in the municipality with access to inclusive economy
4.To maintain improve and extend infrastructure and quality service delivery throughout the municipal area
5.To enhance revenue generation and establish sound financial leading to a financially viable municipality
6. Reflect council development strategies spatially. Enhance regional identity and unique character of place

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide electricity;
  - Provide water;
  - Provide sanitation;
  - Provide waste removal;
  - Provide housing;
  - Provide roads and storm water;
  - Provide public transport;
  - Provide municipal planning services; and
  - Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is a clear structural plan for the Municipality;
  - Ensuring planning processes function in accordance with set timeframes;
  - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
  - Effective implementation of the Indigent Policy;
  - Working with the provincial department of health to provide primary health care services;
  - Extending waste removal services and ensuring effective city cleansing;
  - Ensuring all waste water treatment works are operating optimally;
  - Working with strategic partners such as SAPS to address crime;
  - Ensuring safe working environments by effective enforcement of building and health regulations;
  - Promote viable, sustainable communities through proper zoning; and
  - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
  - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly coordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
  - Optimising effective community participation in the ward committee system; and
  - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
  - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
  - Reviewing the use of contracted services
  - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
  - Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

The 2016/17 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.



**Table 21 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

KZN432 Kwa Sani - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

REN102 Rma Sam - Supporting Table 01: Reconciliation of IDP Strategic Objectives and Budget (Revenue)													
Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Municipal Transformation and Institutional Development.	To build a transparent administrative body capable of achieving transparency and integrity whilst addressing employment equity and affirmative action.			-	-	-	-	-	-	-	-	-	
Good Governance	To facilitate community development and involvement; ensure higher levels of democracy and public participation, To uphold Bato Pele principles.			539	1,409	1,158	1,386	1,428	1,428	54	68	72	
Local Economic Development	To create enabling investment environment, and provide all residents in the municipality with access to inclusive economic growth opportunities including the poor, the youth, women and disabled.			-	-	-	-	-	-	-	-	-	
Service Delivery and Infrastructure	To maintain, improve and extend infrastructure and quality of service delivery throughout the municipal area.			3,985	9,331	5,193	5,765	6,599	6,599	5,886	5,066	11,999	
Financial Viability and Management	To enhance revenue generation and establish sound financial leading to a financially viable municipality.			38,310	41,710	40,545	44,468	47,875	47,875	47,422	46,158	39,103	
Spatial Development Framework	Reflect council development strategies spatially, Enhance regional identity and inique character of place, Ensure conformance with the neighbouring local, district and provincial spatial development frameworks.			-	-	-	-	-	-	-	-	-	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	42,833	52,450	46,896	51,619	55,902	55,902	53,362	51,292	51,174

**Table 22 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

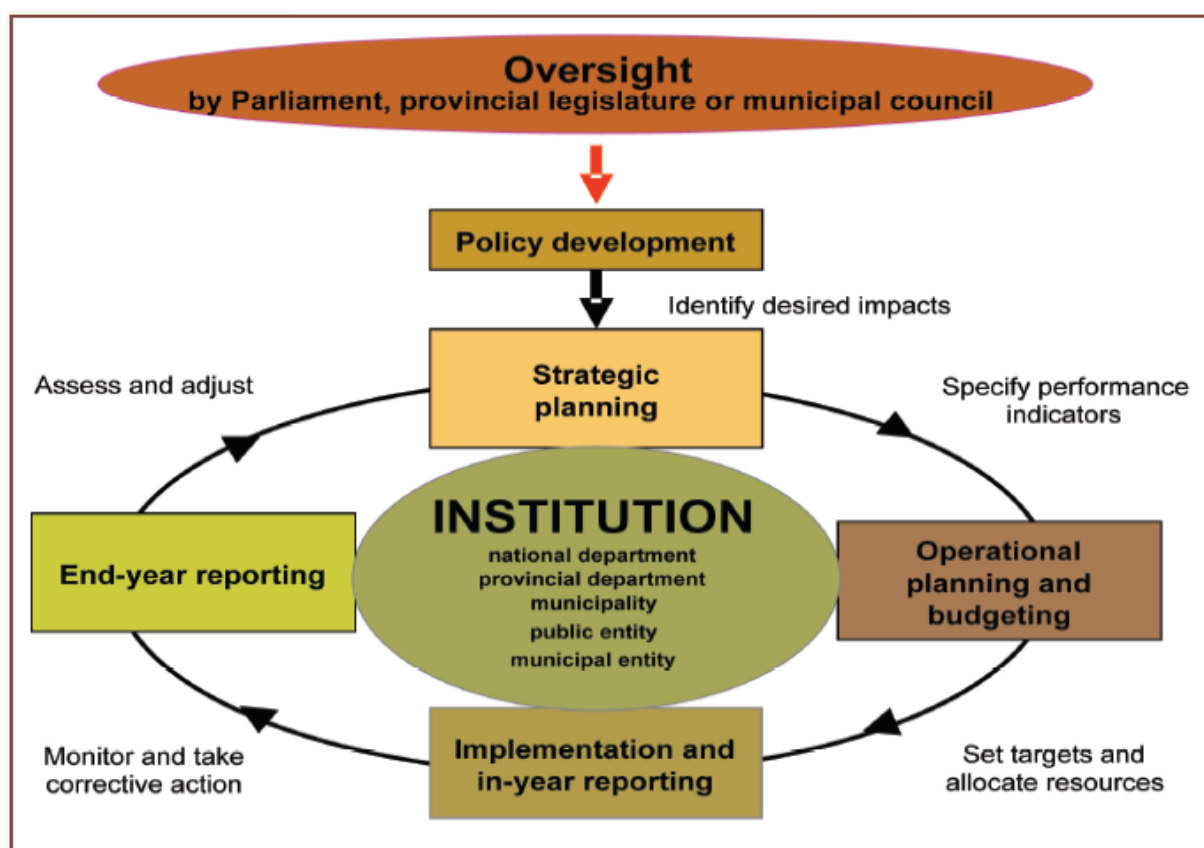
KZN432 Kwa Sani - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

REN152 RMA Sum: Supporting Table 5: Reconciliation of RMA Strategic Objectives and Budget (operating expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Municipal Transformation and Institutional Development	To build a transparent administrative body capable of achieving transparency and accountability			—	1,429	2,086	2,477	3,679	3,679	3,287	2,972	3,172	
Good Governance	To facilitate community development and involvement; ensure higher levels of transparency and accountability			7,002	11,439	6,758	8,086	7,333	7,333	5,199	5,555	5,920	
Local Economic Development	To create enabling investment environment, and provide all residents in the municipality with access to facilities			103	235	425	600	600	600	600	636	673	
Service Delivery and Infrastructure	To maintain, improve and extend infrastructure and quality of service delivery throughout the municipality			15,318	15,048	14,963	15,729	15,677	15,677	18,210	19,094	20,366	
Financial Viability and Management	To enhance revenue generation and establish sound financial leading to a sustainable financial position			10,022	9,482	20,597	15,938	17,541	17,541	18,125	15,581	13,199	
Spatial Development Framework	Reflect council development strategies spatially, Enhance regional identity and inique character of the Region			891	1,113	963	1,247	3,543	3,543	1,058	1,122	1,187	
Allocations to other priorities													
Total Expenditure				1	33,336	38,746	45,792	44,076	48,372	48,372	46,480	44,960	44,516

### 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



**Figure 1 shows Planning, budgeting and reporting cycle**

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting

stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

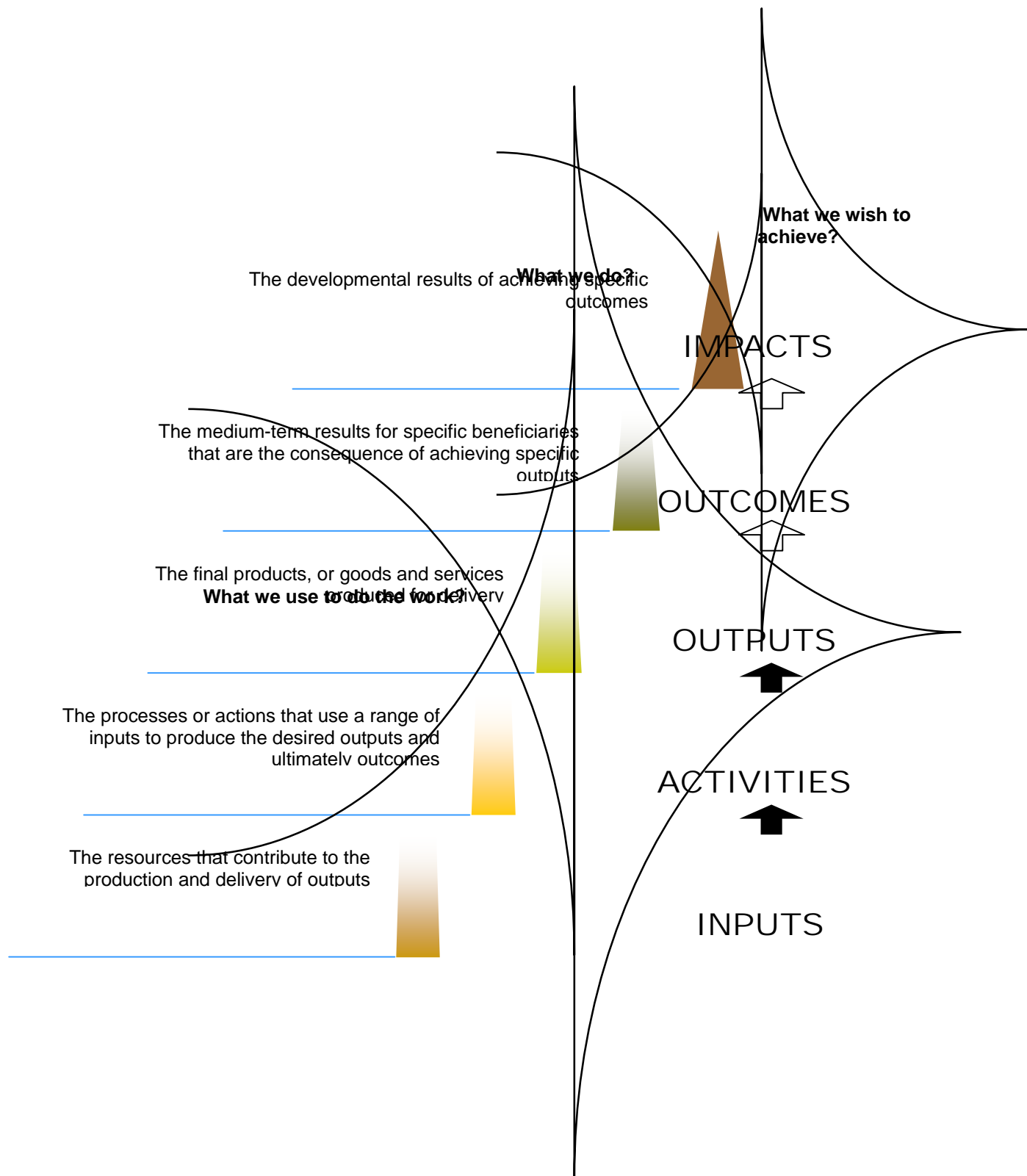


Figure 2 Definition of performance information concepts

The following table sets out the municipalities main performance objectives and benchmarks for the 2016/17 MTREF.

**Table 23 MBRR Table SA8 - Performance indicators and benchmarks**

KZN432 Kwa Sani - Supporting Table SA8 Performance indicators and benchmarks

KZN452 Kwa-Sant - Supporting Table 3A6 Performance Indicators and Benchmarks											
Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b><u>Borrowing Management</u></b>											
Credit Rating		GOOD	GOOD	GOOD	GOOD	GOOD	GOOD	GOOD			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.0%	2.1%	2.6%	2.0%	2.1%	2.1%	2.1%	1.1%	0.9%	0.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	10.1%	4.1%	6.1%	3.9%	3.8%	3.8%	3.8%	2.2%	1.5%	1.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	96.2%	58.0%	23.7%	30.8%	8.4%	8.4%	8.4%	7.5%	4.9%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	1.4	1.5	1.6	3.5	2.5	2.5	2.5	2.4	2.9	3.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 day s/current liabilities	1.4	1.5	1.6	3.5	2.5	2.5	2.5	2.4	2.9	3.4
Liquidity Ratio	Monetary Assets/Current Liabilities	1.1	1.3	1.5	2.8	1.9	1.9	1.9	1.8	2.0	2.2
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		55.9%	79.5%	91.0%	95.0%	96.4%	96.4%	96.4%	85.6%	85.6%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		55.9%	79.5%	91.0%	95.0%	96.4%	96.4%	96.4%	85.6%	85.6%	85.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	22.3%	9.7%	6.0%	14.1%	12.8%	12.8%	12.8%	16.7%	23.3%	30.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		75.8%	52.8%	42.2%	29.2%	34.9%	34.9%	34.9%	38.1%	34.0%	30.4%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	0	0	0	0	0	0	0	0	0	0
	Total Cost of Losses (Rand '000)	0	0	0	0	0	0	0	0	0	0
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0	0	0	0	0	0	0	0	0
Water Distribution Losses (2)	Total Volume Losses (kℓ)	0	0	0	0	0	0	0	0	0	0
	Total Cost of Losses (Rand '000)	0	0	0	0	0	0	0	0	0	0
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0	0	0	0	0	0	0	0	0
Employee costs	Employee costs/(Total Revenue - capital revenue)	37.7%	35.5%	44.0%	41.7%	37.5%	37.5%	37.5%	49.5%	50.7%	53.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	42.1%	38.8%	0.0%	46.0%	41.7%	41.7%		55.7%	57.6%	61.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.2%	2.3%	4.1%	5.1%	4.3%	4.3%		3.1%	4.2%	4.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	6.3%	7.0%	17.4%	7.2%	8.6%	8.6%	8.6%	9.2%	9.5%	9.6%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	9.5	9.8	9.0	11.0	11.0	11.0	16.6	14.7	15.9	16.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	50.1%	23.5%	14.2%	34.5%	33.6%	33.6%	33.6%	42.7%	54.3%	65.3%
iii. Cost coverage	(Av ailable cash + Investments)/monthly fixed operational expenditure	11.9	10.8	7.4	9.4	7.0	7.0	7.0	7.2	7.6	7.8

## Performance indicators and benchmarks

### *Borrowing Management*

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, KSM's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is made up of a finance lease and a DBSA loan. The following financial performance indicators have formed part of the compilation of the 2016/17 MTREF.

- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 0% as the municipality is not planning to procure assets through borrowings.

## 2.4 Overview of budget related-policies

The policies have been reviewed and are available for public viewing as part of budget document.

## 2.5 Overview of budget assumptions

### 2.5.3 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2016/17 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in the cost of remuneration.
- Employee related costs comprise 56% of total operating expenditure which increases pressure on the budgeted expenditure.

### 2.5.4 Interest rates for borrowing and investment of funds

Loan with DBSA and a finance lease with West bank as well as the leased machines from Nashua are the three sources of borrowing that the municipality has to pay back.

#### **2.5.5 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (85%) of annual billings. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

#### **2.5.6 Salary increases**

The municipality has opted to budget for a 7.6% increase based on the active Salary and Wage Collective agreement.

#### **2.5.7 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

#### **2.5.8 Ability of the municipality to spend and deliver on the programmes**

It is estimated that the municipality would spend 100 per cent operating expenditure and on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget.



## 2.6 Overview of budget funding

### 2.6.3 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

**Table 24 Breakdown of the operating revenue over the medium-term**

KZN432 Kwa Sani - Table A1 Budget Summary

Description R thousands	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Financial Performance</b>										
Property rates	12,472	15,329	14,155	15,172	15,417	15,417	15,417	15,162	16,072	17,004
Service charges	2,121	2,123	2,246	2,359	2,727	2,727	2,727	2,709	2,871	3,038
Investment revenue	931	1,190	975	1,257	1,257	1,257	1,257	1,229	1,303	1,378
Transfers recognised - operational	17,058	23,401	19,877	21,536	21,536	21,536	21,536	22,990	20,063	18,671
Other own revenue	845	1,069	2,276	3,764	7,436	7,436	7,436	4,396	4,659	4,437
Total Revenue (excluding capital transfers and contributions)	33,427	43,113	39,529	44,088	48,373	48,373	48,373	46,486	44,968	44,529

### Proposed tariff increases over the medium-term

All tariffs are budgeted to increase by 6.6%. Anticipated Revenue to be generated from property rates is R 22, 3 million in the 2016/17 financial year before rebates. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality completed the data verification and validation relating to the Second General valuation roll which was implemented on the 01 July 2013.

KwaSani Local Municipality is grant dependent, 49% of the total revenue is attributed to grants revenue. Rates and service charge revenues comprise on 36% of the total revenue mix. The above table has taken into account revenue foregone arising from discounts and rebates associated with the rates and tariff policies of the Municipality.

Operational grants and subsidies amount to R 22.990 million, R 20.063 million and R18.671 million for each of the respective financial years of the MTREF. It needs to be noted that in real terms the grants receipts from national government has decreased in 2016/2017 and decreases over the MTREF. The percentage of the total operational grants and transfers in relation to the total operating revenue would remain constant @ 42 to 50% over 2016/2017 MTREF.

Investment revenue contributes marginally to the revenue base of the Municipality's with a budget allocation of R1.229 million, R1.303 million and R1.378 million for each of the respective financial years of the MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below normally provide detail investment information and investment particulars by maturity but the municipality does not have long term investments except for 24 hour call

account and 32 days' notice deposits. These investments does not meet the definition of investments in terms of GRAP are therefore reported as cash and cash equivalents even on Audited AFS for prior years.

**Table 25 MBRR SA15 – Investment particulars by type**

KZN432 Kwa Sani - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank			-		20,000	16,092	16,092	15,903	15,903	15,903
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	-	-	-	20,000	16,092	16,092	15,903	15,903	15,903
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		-	-	-	20,000	16,092	16,092	15,903	15,903	15,903

## 2.6.4 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2016/17 medium-term capital programme:

**Table 26 Medium-term funding sources for capital expenditure**

KZN432 Kwa Sani - Table A1 Budget Summary

Description  R thousands	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	8,794	14,299	8,504	10,320	10,320	10,320	10,320	7,064	6,324	6,645
Transfers recognised - capital	7,895	9,083	7,478	7,530	7,530	7,530	7,530	6,875	6,324	6,645
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	844	-	-	-	-	-	-	-	-	-
Internally generated funds	55	5,216	1,026	2,790	2,790	2,790	2,790	189	(0)	-
Total sources of capital funds	8,794	14,299	8,504	10,320	10,320	10,320	10,320	7,064	6,324	6,645

**Table 27 MBRR Table SA 17 – Borrowings (Detailed)**

KZN432 Kwa Sani - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)		2,266	1,569	868	833	315	315	292	190	
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Municipality sub-total</b>	1	2,266	1,569	868	833	315	315	292	190	-
<b>Entities</b>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	1	2,266	1,569	868	833	315	315	292	190	-

<b>Unspent Borrowing - Categorised by type</b>										
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)		990	915	930	947	947	947	957		
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Municipality sub-total</b>	1	990	915	930	947	947	947	957	-	-
<b>Entities</b>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Unspent Borrowing</b>	1	990	915	930	947	947	947	957	-	-

DBSA loan and finance lease for vehicles contribute to the capital and interest finance costs in the income and expenditure statement. The amounts above in 2016/17 to 2018/2019 are the outstanding balances to be paid by the municipality to DBSA, Nashua and Wes bank.

**Table 28 MBRR Table SA 18 - Capital transfers and grants receipts**

KZN432 Kwa Sani - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		14,891	17,442	17,462	20,663	20,663	20,663	22,252	19,292	17,861
Local Government Equitable Share		12,054	13,627	13,627	15,076	15,076	15,076	14,474	15,109	15,833
Finance Management		1,500	1,800	1,800	1,800	1,800	1,800	1,825	1,900	2,028
Municipal Systems Improvement		800	934	934	930	930	930	-	-	-
EPWP Incentive		537	1,081	1,101	1,000	1,000	1,000	1,096	-	-
Other transfers/grants [insert description]					1,857	1,857	1,857	4,857	2,283	-
Provincial Government:		5,120	811	310	873	873	873	738	771	810
Sport and Recreation			150	197	150	150	150	-	-	-
Other transfers/grants [insert description]		5,120	661	113	723	723	723	738	771	810
District Municipality:		47	-	-	-	-	-	-	-	-
Capacity Building		47								
Shared Planned & Internal Audit										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	20,058	18,253	17,772	21,536	21,536	21,536	22,990	20,063	18,671
<b>Capital Transfers and Grants</b>										
National Government:		9,405	7,478	7,478	7,530	7,530	7,530	6,875	6,324	6,645
Municipal Infrastructure Grant (MIG)		9,405	7,478	7,478	7,530	7,530	7,530	6,875	6,324	6,645
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
Capacity Building										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Capital Transfers and Grants</b>	5	9,405	7,478	7,478	7,530	7,530	7,530	6,875	6,324	6,645
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		29,464	25,731	25,250	29,066	29,066	29,066	29,865	26,387	25,316

## 2.6.5 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 29 MBRR Table A7 - Budget cash flow statement**

KZN432 Kwa Sani - Table A7 Budgeted Cash Flows

KZN432 Rwa Sani - Table A7/ Budgeted Cash Flows												
Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
<b>Receipts</b>												
Property rates, penalties & collection charges			5,868	11,749	12,881	14,413	15,149	15,149	15,149	12,888	13,661	14,454
Service charges			2,286	2,123	2,044	2,242	2,345	2,345	2,345	2,411	2,556	2,704
Other revenue			381	942	1,466	3,391	2,598	2,598	2,598	4,245	4,499	4,268
Government - operating		1	17,059	16,840	19,877	21,536	21,536	21,536	21,536	22,990	20,063	18,671
Government - capital		1	9,405	9,083	7,478	7,530	7,530	7,530	7,530	6,875	6,324	6,645
Interest			931	1,190	975	1,441	1,292	1,292	1,292	1,229	1,303	1,378
Dividends										-	-	-
<b>Payments</b>												
Suppliers and employees			(23,680)	(24,910)	(41,915)	(40,241)	(43,958)	(43,958)	(43,958)	(41,983)	(40,515)	(40,049)
Finance charges			(214)	(266)	(165)	(151)	(268)	(268)	(268)	(135)	(93)	(99)
Transfers and Grants		1			(179)	(189)	(142)	(142)	(142)	(145)	(153)	(162)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>			<b>12,036</b>	<b>16,751</b>	<b>2,462</b>	<b>9,973</b>	<b>6,081</b>	<b>6,081</b>	<b>6,081</b>	<b>8,375</b>	<b>7,644</b>	<b>7,810</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<b>Receipts</b>												
Proceeds on disposal of PPE				114	150					-	-	-
Decrease (Increase) in non-current debtors										-	-	-
Decrease (increase) other non-current receivables										-	-	-
Decrease (increase) in non-current investments										-	-	-
<b>Payments</b>												
Capital assets			(9,473)	(14,382)	(8,504)	(10,320)	(10,320)	(10,320)	(10,320)	(7,064)	(6,324)	(6,645)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>			<b>(9,473)</b>	<b>(14,268)</b>	<b>(8,354)</b>	<b>(10,320)</b>	<b>(10,320)</b>	<b>(10,320)</b>	<b>(10,320)</b>	<b>(7,064)</b>	<b>(6,324)</b>	<b>(6,645)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<b>Receipts</b>												
Short term loans										-	-	-
Borrowing long term/refinancing										-	-	-
Increase (decrease) in consumer deposits										-	-	-
<b>Payments</b>												
Repayment of borrowing			(1,440)	(533)	(1,033)	(736)	(753)	(753)	(753)	(386)	(292)	(190)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>			<b>(1,440)</b>	<b>(533)</b>	<b>(1,033)</b>	<b>(736)</b>	<b>(753)</b>	<b>(753)</b>	<b>(753)</b>	<b>(386)</b>	<b>(292)</b>	<b>(190)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>			<b>1,123</b>	<b>1,951</b>	<b>(6,926)</b>	<b>(1,083)</b>	<b>(4,991)</b>	<b>(4,991)</b>	<b>(4,991)</b>	<b>925</b>	<b>1,028</b>	<b>975</b>
Cash/cash equivalents at the year begin:		2	22,795	23,917	25,868	25,044	25,044	25,044	25,044	20,053	20,978	22,006
Cash/cash equivalents at the year end:		2	23,917	25,868	18,942	23,961	20,053	20,053	20,053	20,978	22,006	22,981

## 2.7 Expenditure on allocations and Grant Programmes

The municipality budgeted to spend 100% of allocations and grants receipts.

**Table 30 MBRR Table SA19 – Expenditure on allocations/transfers and grant programmes**

KZN432 Kwa Sani - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		14,891	17,442	17,462	20,663	20,663	20,663	22,252	19,292	17,861
Local Government Equitable Share		12,054	13,627	13,627	15,076	15,076	15,076	14,474	15,109	15,833
Finance Management		1,500	1,800	1,800	1,800	1,800	1,800	1,825	1,900	2,028
Municipal Systems Improvement		800	934	934	930	930	930	-	-	-
EPWP Incentive		537	1,081	1,101	1,000	1,000	1,000	1,096	-	-
Other transfers/grants [insert description]					1,857	1,857	1,857	4,857	2,283	
Provincial Government:		5,120	811	310	873	873	873	738	771	810
Sport and Recreation			150	197	150	150	150			
Other transfers/grants [insert description]		5,120	661	113	723	723	723	738	771	810
District Municipality:		-	-	-	-	-	-	-	-	-
Capacity Building										
Shared Planned & Internal Audit										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total operating expenditure of Transfers and Grants</b>		20,012	18,253	17,772	21,536	21,536	21,536	22,990	20,063	18,671
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		9,405	7,478	7,478	7,530	7,530	7,530	6,875	6,324	6,645
Municipal Infrastructure Grant (MIG)		9,405	7,478	7,478	7,530	7,530	7,530	6,875	6,324	6,645
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
Capacity Building										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total capital expenditure of Transfers and Grants</b>		9,405	7,478	7,478	7,530	7,530	7,530	6,875	6,324	6,645
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		29,417	25,731	25,250	29,066	29,066	29,066	29,865	26,387	25,316

## 2.8 Allocations and grant programmes made by the municipality

**Table 31 – MBRR SA21- Transfers and grants made by the municipality**

The municipality does not have any allocations or grants that it would transfer to other municipalities or organisations as per the table below except for the payments of Free Basic Electricity to ESKOM for indigent owners.

KZN432 Kwa Sani - Supporting Table SA21 Transfers and grants made by the municipality

Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Cash Transfers to other municipalities</b>											
<i>Insert description</i>	1										
Total Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Entities/Other External Mechanisms</b>											
<i>Insert description</i>	2										
Total Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to other Organs of State</b>											
<i>Insert description</i>	3										
Total Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Organisations</b>											
<i>Insert description</i>											
Total Cash Transfers To Organisations		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Groups of Individuals</b>											
<i>Insert description</i>			177	179	189	142	142	142	145	153	162
Total Cash Transfers To Groups Of Individuals:		-	177	179	189	142	142	142	145	153	162
<b>TOTAL CASH TRANSFERS AND GRANTS</b>	6	-	177	179	189	142	142	142	145	153	162
<b>Non-Cash Transfers to other municipalities</b>											
<i>Insert description</i>	1										
Total Non-Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Transfers to Entities/Other External Mechanisms</b>											
<i>Insert description</i>	2										
Total Non-Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Transfers to other Organs of State</b>											
<i>Insert description</i>	3										
Total Non-Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Grants to Organisations</b>											
<i>Insert description</i>	4										
Total Non-Cash Grants To Organisations		-	-	-	-	-	-	-	-	-	-
<b>Groups of Individuals</b>											
<i>Insert description</i>	5				190 49						
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	239	-	-	-	-	-	-
<b>TOTAL NON-CASH TRANSFERS AND GRANTS</b>		-	-	-	239	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS</b>	6	-	177	179	428	142	142	142	145	153	162



## 2.9 Councilors and board member allowances and employee benefits

The municipality does not have entities. The employee and councilors related cost is 56% for 2016/2017 MTREF. **Table 32 MBRR SA22 – Summary Councilors and staff benefits**

KZN432 Kwa Sani - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		1,074	1,299		1,484	1,628	1,628	2,349	2,518	2,692
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance		303	169		209	215	215	249	267	285
Cellphone Allowance		85	93		183	171	171	290	311	333
Housing Allowances										
Other benefits and allowances										
<b>Sub Total - Councillors</b>		1,461	1,561	-	1,876	2,014	2,014	2,888	3,096	3,310
% increase	4		6.8%	(100.0%)	-	7.3%	-	43.4%	7.2%	6.9%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		834	2,400		2,748	2,544	2,544	2,737	2,934	3,137
Pension and UIF Contributions		2	42		42	42	42	45	48	52
Medical Aid Contributions			48		48	48	48	52	55	59
Overtime			-		-	-	-			
Performance Bonus			197		197	197	197	212	227	243
Motor Vehicle Allowance	3	1	200		200	200	200	215	231	247
Cellphone Allowance	3		7		7	7	7	8	8	9
Housing Allowances	3		47		70	70	70	75	80	86
Other benefits and allowances	3	117	27		27	27	27	29	31	33
Payments in lieu of leave			-			-				
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Municipality</b>		953	2,968	-	3,339	3,135	3,135	3,373	3,616	3,866
% increase	4		211.3%	(100.0%)	-	(6.1%)	-	7.6%	7.2%	6.9%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		8,029	6,150		9,137	9,137	9,137	11,926	11,666	12,155
Pension and UIF Contributions		1,432	1,617		1,500	1,500	1,500	1,957	1,915	1,995
Medical Aid Contributions			509		370	370	370	483	472	492
Overtime		1,037	608		779	745	745	972	951	991
Performance Bonus			972		1,040	1,040	1,040	1,357	1,328	1,384
Motor Vehicle Allowance	3	941	187		200	200	200	261	255	266
Cellphone Allowance	3		93		100	100	100	130	127	132
Housing Allowances	3		21		73	73	73	95	93	97
Other benefits and allowances	3	203	1,508		1,721	1,721	1,721	2,246	2,197	2,289
Payments in lieu of leave			536		145	145	145	189	185	192
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Other Municipal Staff</b>		11,643	12,201	-	15,063	15,029	15,029	19,616	19,190	19,993
% increase	4		4.8%	(100.0%)	-	(0.2%)	-	30.5%	(2.2%)	4.2%
<b>Total Parent Municipality</b>		14,058	16,730	-	20,279	20,178	20,178	25,877	25,902	27,169
			19.0%	(100.0%)	-	(0.5%)	-	28.2%	0.1%	4.9%

**Table 33 MBRR SA23- Salaries, allowances & benefits (political office bearers/councilors/senior managers)**

KZN432 Kwa Sani - Supporting Table SA23 Salaries, allowances &amp; benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4							–
Chief Whip			192,758					192,758
Executive Mayor			535,815					535,815
Deputy Executive Mayor								–
Executive Committee								–
Total for all other councillors			2,159,617					2,159,617
<b>Total Councillors</b>	8	–	2,888,189	–	–			2,888,189
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			98,109					98,109
Chief Finance Officer			1,091,717					1,091,717
								–
								–
								–
<i>List of each official with packages &gt;= senior manager</i>								
Manager-Corporate Services			1,091,717					1,091,717
Manager-Community Services			1,091,717					1,091,717
								–
								–
								–
								–
								–
								–
								–
<b>Total Senior Managers of the Municipality</b>	8,10	–	3,373,260	–	–	–		3,373,260
<b>A Heading for Each Entity</b>	6,7							
List each member of board by designation								
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
<b>Total for municipal entities</b>	8,10	–	–	–	–	–		–
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	–	6,261,449	–	–	–		6,261,449

**Table 34 MBRR SA24 – Summary of personnel numbers**

KZN432 Kwa Sani - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)					7		7	7		7
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3				4	1	3	4	1	3
Other Managers	7									
Professionals		-	-	-	21	16	5	21	16	5
Finance					14	9	5	14	9	5
Spatial/town planning					3	3	-	3	3	
Information Technology										
Roads					4	4		4	4	
Electricity										
Water										
Sanitation										
Refuse										
Other										
Technicians		-	-	-	36	35	1	36	35	1
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse					6	6		6	6	
Other					30	29	1	30	29	1
Clerks (Clerical and administrative)					36	31	5	36	31	5
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
<b>TOTAL PERSONNEL NUMBERS</b>	9	-	-	-	104	83	21	104	83	21
% increase					-	-	-	-	-	-
Total municipal employees headcount	6, 10				84	70	14	84	70	14
Finance personnel headcount	8, 10				17	11	6	17	11	6
Human Resources personnel headcount	8, 10				3	2	1	3	2	1

**2.10 Monthly targets for revenue, expenditure and cash flow**  
**Table 35 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

KZN432 Kwa Sani - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description		Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard																	
Governance and administration			3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	47,394	46,140	45,728
Executive and council			5	5	5	5	5	5	5	5	5	5	5	5	64	68	72
Budget and treasury office			3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	47,330	46,072	45,656
Corporate services														-	-	-	
Community and public safety			205	205	205	205	205	205	205	205	205	205	205	115	2,370	1,340	1,412
Community and social services			154	154	154	154	154	154	154	154	154	154	154	154	1,844	782	822
Sport and recreation														-	-	-	
Public safety			51	51	51	51	51	51	51	51	51	51	51	(39)	526	557	590
Housing														-	-	-	
Health														-	-	-	
Economic and environmental services			64	64	64	64	64	64	64	64	64	64	64	21	728	772	817
Planning and development			35	35	35	35	35	35	35	35	35	35	35	35	425	451	477
Road transport			29	29	29	29	29	29	29	29	29	29	29	(14)	303	321	340
Environmental protection														-	-	-	
Trading services			239	239	239	239	239	239	239	239	239	239	239	239	2,868	3,040	3,217
Electricity														-	-	-	
Water														-	-	-	
Waste water management														-	-	-	
Waste management			239,028.83	239	239	239	239	239	239	239	239	239	239	239	2,868	3,040	3,217
Other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard			4,458	4,458	4,458	4,458	4,458	4,458	4,458	4,458	4,458	4,458	4,458	4,325	53,361	51,292	51,174
Expenditure - Standard																	
Governance and administration			2,215	2,215	2,215	2,215	2,215	2,215	2,215	2,215	2,215	2,215	2,215	2,215	26,584	24,136	22,377
Executive and council			433	433	433	433	433	433	433	433	433	433	433	433	5,199	5,555	5,920
Budget and treasury office			1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	18,098	15,609	13,286
Corporate services			274	274	274	274	274	274	274	274	274	274	274	274	3,287	2,972	3,172
Community and public safety			911	911	911	911	911	911	911	911	911	911	911	911	10,937	11,168	11,883
Community and social services			685	685	685	685	685	685	685	685	685	685	685	685	8,219	8,268	8,796
Sport and recreation														-	-	-	
Public safety			226	226	226	226	226	226	226	226	226	226	226	226	2,718	2,900	3,088
Housing														-	-	-	
Health														-	-	-	
Economic and environmental services			326	326	326	326	326	326	326	326	326	326	326	326	3,907	4,272	4,551
Planning and development			263	263	263	263	263	263	263	263	263	263	263	263	3,156	3,468	3,692
Road transport			63	63	63	63	63	63	63	63	63	63	63	63	751	804	859
Environmental protection														-	-	-	
Trading services			237	237	237	237	237	237	237	237	237	237	237	237	2,845	3,033	3,206
Electricity														-	-	-	
Water														-	-	-	
Waste water management														-	-	-	
Waste management			237	237	237	237	237	237	237	237	237	237	237	237	2,845	3,033	3,206
Other			184	184	184	184	184	184	184	184	184	184	184	184	2,206	2,350	2,498
Total Expenditure - Standard			3,873	3,873	3,873	3,873	3,873	3,873	3,873	3,873	3,873	3,873	3,873	3,873	46,479	44,959	44,516
Surplus/(Deficit) before assoc.			585	585	585	585	585	585	585	585	585	585	585	452	6,882	6,333	6,658
Share of surplus/ (deficit) of associate														-	-	-	
Surplus/(Deficit)		1	585	585	585	585	585	585	585	585	585	585	585	452	6,882	6,333	6,658

**Table 36 MBRR SA26 - Budgeted monthly capital expenditure (municipal vote)**

KZN432 Kwa Sani - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Revenue by Vote																
Municipal governance and administration		3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	47,394	46,140	45,728
Community and public safety		154	154	154	154	154	154	154	154	154	154	154	154	1,844	782	822
Public safety		44	44	44	44	44	44	44	44	44	44	44	44	526	557	590
Economic and environmental services		61	61	61	61	61	61	61	61	61	61	61	61	728	772	817
Environmental protection													-	-	-	-
Trading services		241	241	241	241	241	241	241	241	241	241	241	215	2,868	3,040	3,217
Other													-	-	-	-
Vote 8 - ( NAME OF VOTE)													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Total Revenue by Vote		4,449	4,449	4,449	4,449	4,449	4,449	4,449	4,449	4,449	4,449	4,449	4,423	53,361	51,292	51,174
Expenditure by Vote to be appropriated																
Municipal governance and administration		2,215	2,215	2,215	2,215	2,215	2,215	2,215	2,215	2,215	2,215	2,215	2,215	26,584	24,136	22,377
Community and public safety		685	685	685	685	685	685	685	685	685	685	685	685	8,219	8,268	8,796
Public safety		226	226	226	226	226	226	226	226	226	226	226	226	2,718	2,900	3,088
Economic and environmental services		263	263	263	263	263	263	263	263	263	263	263	263	3,156	3,468	3,692
Environmental protection		63	63	63	63	63	63	63	63	63	63	63	63	751	804	859
Trading services		237	237	237	237	237	237	237	237	237	237	237	237	2,845	3,033	3,206
Other		184	184	184	184	184	184	184	184	184	184	184	184	2,206	2,350	2,498
Vote 8 - ( NAME OF VOTE)													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Total Expenditure by Vote		3,873	3,873	3,873	3,873	3,873	3,873	3,873	3,873	3,873	3,873	3,873	3,873	46,479	44,959	44,516
Surplus/(Deficit) before assoc.		576	576	576	576	576	576	576	576	576	576	576	550	6,882	6,333	6,658
Tax ation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	576	576	576	576	576	576	576	576	576	576	576	550	6,882	6,333	6,658

KZN432 Kwa Sani - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Multi-year expenditure to be appropriated</b>	1															
Governance and administration													-	-	-	-
Vote 2 - Community & Public Safety													-	-	-	-
Vote 3 - Trading Services													-	-	-	-
Vote 4 - Economic and Environmental Services													-	-	-	-
Planning and Development													-	-	-	-
Vote 5 - Other													-	-	-	-
Vote 7 - [NAME OF VOTE 7]													-	-	-	-
Vote 8 - [NAME OF VOTE 8]													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>																
Governance and administration		63				63				63			0	188	-	-
Vote 2 - Community & Public Safety													-	-	-	-
Vote 3 - Trading Services													-	-	-	-
Vote 4 - Economic and Environmental Services		573	573	573	573	573	573	573	573	573	573	573	573	6,875	6,324	6,645
Planning and Development													-	-	-	-
Vote 5 - Other													-	-	-	-
Vote 7 - [NAME OF VOTE 7]													-	-	-	-
Vote 8 - [NAME OF VOTE 8]													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
<b>Capital single-year expenditure sub-total</b>	2	636	573	573	573	636	573	573	573	636	573	573	573	7,064	6,324	6,645
<b>Total Capital Expenditure</b>	2	636	573	573	573	636	573	573	573	636	573	573	573	7,064	6,324	6,645

KZN432 Kwa Sani - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Capital Expenditure - Standard</b>	1															
<i>Governance and administration</i>		-	-	-	-	189	-	-	-	-	-	-	(21)	168	-	-
Executive and council						71							(0)	71	-	-
Budget and treasury office						98							(1)	98	-	-
Corporate services						20							(20)	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	4,469	4,469	3,736	-
Community and social services													4,469	4,469	3,736	-
Sport and recreation													-	-	-	-
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		573	573	573	573	573	573	573	573	573	573	573	(3,876)	2,426	2,588	6,645
Planning and development		573	573	573	573	573	573	573	573	573	573	573	(3,876)	2,426	2,588	6,645
Road transport													-	-	-	-
Environmental protection													-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity													-	-	-	-
Water													-	-	-	-
Waste water management													-	-	-	-
Waste management													-	-	-	-
<i>Other</i>													-	-	-	-
<b>Total Capital Expenditure - Standard</b>	2	573	573	573	573	762	573	573	573	573	573	573	573	7,064	6,324	6,645
<b>Funded by:</b>																
National Government		573	573	573	573	573	573	573	573	573	573	573	573	6,875	6,324	6,645
Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													-	-	-	-
Transfers recognised - capital		573	573	573	573	573	573	573	573	573	573	573	573	6,875	6,324	6,645
Public contributions & donations													-	-	-	-
Borrowing													-	-	-	-
Internally generated funds		94,272.27							94				-	189	(0)	-
<b>Total Capital Funding</b>		667	573	573	573	573	573	573	667	573	573	573	573	7,064	6,324	6,645

**2.11 Annual Budget and service delivery and budget implementation plans internal – departments**

Attached is the SDBIP for all departments.

**2.12 Annual budgets and service delivery agreements – municipal entities and other external mechanisms.**

The municipality does not have entities and the only service that is provided through other mechanism is for Fire Services and disaster management the municipal have a contract with Rural Metro which expires on the 30 June 2016. The decision would be taken before the approval of the budget whether the municipality will use internal staff at Ingwe Municipality or outsource the service. An amount of R 880 000 has been set aside to fund this service.

**Table 39 MBRR SA32 List of external mechanisms**

KZN432 Kwa Sani - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
NONE					



### 2.13 Contracts having future budgetary implications

There are currently no contracts that are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Budget & Treasury Office.

**Table 40 MBRR Table SA33 Contracts having future budgetary implications**

KZN432 Kwa Sani - Supporting Table SA33 Contracts having future budgetary implications

Description	Ref	Preceding Years	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework			Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Total Contract Value
R thousand	1,3	Total	Original Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:														
<u>Revenue Obligation By Contract</u>	2													
Contract 1		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 2		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 3 etc		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Expenditure Obligation By Contract</u>	2													
Contract 1		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 2		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 3 etc		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Capital Expenditure Obligation By Contract</u>	2													
Contract 1		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 2		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 3 etc		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Entities:														
<u>Revenue Obligation By Contract</u>	2													
Contract 1		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 2		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 3 etc		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Expenditure Obligation By Contract</u>	2													
Contract 1		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 2		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 3 etc		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Capital Expenditure Obligation By Contract</u>	2													
Contract 1		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 2		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract 3 etc		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-

## 2.14 Capital expenditure details

The following 3 tables present details of the KSM's capital expenditure programme, firstly on new assets, renewal of assets and finally on the repair and maintenance of assets.

**Table 41 MBRR SA34a Capital expenditure on new assets by asset class**

KZN432 Kwa Sani - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure	1  <									

Table 42 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

KZN432 Kwa Sani - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand	1										
Capital expenditure on renewal of existing assets by Asset Class/Sub-class											
Infrastructure	2	7,694	11,623	3,868	7,687	8,808	8,808	6,875	6,324	6,645	
Infrastructure - Road transport		7,694	11,623	2,884	7,687	8,808	8,808	6,875	6,324	6,645	
Roads, Pavements & Bridges		7,694	11,623	2,884	7,687	8,808	8,808	6,875	6,324	6,645	
Storm water											
Infrastructure - Electricity		-	-	984	-	-	-	-	-	-	
Generation											
Transmission & Reticulation											
Street Lighting				984							
Infrastructure - Water		-	-	-	-	-	-	-	-	-	
Dams & Reservoirs											
Water purification											
Reticulation											
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	
Reticulation											
Sewerage purification											
Infrastructure - Other		-	-	-	-	-	-	-	-	-	
Waste Management											
Transportation											
Gas											
Other											
Community		3	389	1,043	119	112	496	496	-	-	-
Parks & gardens		7									
Sportsfields & stadia											
Swimming pools											
Community halls			389		119	-	384	384			
Libraries											
Recreational facilities											
Fire, safety & emergency											
Security and policing											
Buses											
Clinics											
Museums & Art Galleries		8									
Cemeteries											
Social rental housing											
Other			1,043		112	112	112				
Heritage assets	9	-	-	-	-	-	-	-	-	-	
Buildings											
Other											
Investment properties	10	-	-	-	-	-	-	-	-	-	
Housing development											
Other											
Other assets	10	18	360	491	890	724	724	188	-	-	
General vehicles					600	515	515				
Specialised vehicles		-	-	-	-	-	-	-	-	-	
Plant & equipment		18	217		-	-	-	20			
Computers - hardware/equipment			103		113	93	93	98			
Furniture and other office equipment			39		177	116	116	71			
Abattoirs											
Markets											
Civic Land and Buildings					-						
Other Buildings											
Other Land											
Surplus Assets - (Investment or Inventory)											
Other				491							
Agricultural assets			-	-	-	-	-	-	-	-	-
List sub-class											
Biological assets		-	-	-	-	-	-	-	-	-	
List sub-class											
Intangibles		-	-	-	-	-	-	-	-	-	
Computers - software & programming											
Other (list sub-class)											
Total Capital Expenditure on renewal of existing	1	8,101	13,025	4,478	8,689	10,028	10,028	7,064	6,324	6,645	
Specialised vehicles		-	-	-	-	-	-	-	-	-	
Refuse					-						
Fire											
Conservancy											
Ambulances											
Renewal of Existing Assets as % of total capex		92.1%	91.1%	52.7%	84.2%	97.2%	97.2%	100.0%	100.0%	100.0%	
Renewal of Existing Assets as % of deprecn"		428.3%	473.6%	66.5%	286.0%	259.1%	259.1%	181.9%	162.3%	166.0%	

**Table 43 MBRR SA34c - Repairs and maintenance expenditure by asset class**

KZN432 Kwa Sani - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure			1,415	647	1,095	1,358	1,258	1,258	1,060	1,224	1,295
Infrastructure - Road transport			1,382	620	1,029	1,358	1,258	1,258	1,001	1,161	1,228
Roads, Pavements & Bridges			1,382	620	1,029	1,358	1,258	1,258	1,001	1,161	1,228
Storm water											
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Generation											
Transmission & Reticulation											
Street Lighting											
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Dams & Reservoirs											
Water purification											
Reticulation											
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Reticulation											
Sewerage purification											
Infrastructure - Other			33	27	65	-	-	-	60	63	67
Waste Management			33	27	65				60	63	67
Transportation											
Gas											
Other											
		2									
		3									
Community			9	12	143	223	197	197	44	246	261
Parks & gardens											
Sportsfields & stadia											
Swimming pools											
Community halls			9	12	131	211	184	184	44	246	261
Libraries											
Recreational facilities											
Fire, safety & emergency											
Security and policing											
Buses											
Clinics											
Museums & Art Galleries											
Cemeteries											
Social rental housing											
Other					11	12	12	12			
		7									
		8									
Heritage assets			-	-	-	-	-	-	-	-	-
Buildings											
Other											
		9									
Investment properties			-	-	-	-	-	-	-	-	-
Housing development											
Other											
		10									
Other assets			321	333	373	652	638	638	359	433	405
General vehicles			138	174	205	164	229	229	200	213	225
Specialised vehicles			107	82	94	119	63	63	51	55	58
Plant & equipment					6				14	14	15
Computers - hardware/equipment						10	7	7	7	12	13
Furniture and other office equipment						3	-		10	61	64
Abattoirs											
Markets											
Civic Land and Buildings			38	27	16						
Other Buildings			29	46	51	191	184	184	77	79	30
Other Land			9	4							
Surplus Assets - (Investment or Inventory)											
Other						165	156	156			
Agricultural assets			-	-	-	-	-	-	-	-	-
List sub-class											
Biological assets			-	-	-	-	-	-	-	-	-
List sub-class											
Intangibles			-	-	-	-	-	-	-	-	-
Computers - software & programming											
Other (list sub-class)											
Total Repairs and Maintenance Expenditure		1	1,745	991	1,610	2,233	2,093	2,093	1,463	1,903	1,961
Specialised vehicles			107	82	94	119	63	63	51	55	58
Refuse			107	82	94	119	63	63	51	55	58
Fire											
Conservancy											
Ambulances											
R&M as a % of PPE			4.0%	1.7%	2.7%	2.6%	3.1%	3.1%	1.8%	2.3%	2.3%
R&M as % Operating Expenditure			5.2%	2.6%	3.5%	5.1%	4.3%	4.3%	0.0%	4.2%	4.4%

**Table 44 MBRR SA35 - Future financial implications of the capital budget**

There are no future implications of capital budget as we do not have multi-year appropriations for capital budgets. The only future implications are for R & M which have been considered in the budget for R&M.

**KZN432 Kwa Sani - Supporting Table SA35 Future financial implications of the capital budget**

Vote Description R thousand	Ref	2016/17 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value
<b>Capital expenditure</b>	1							
Governance and administration		168	–	–				
Community and public safety		4,469	3,736	–				
Economic and environmental services		2,426	2,588	6,645				
Trading services		–	–	–				
Vote 5 - Other		–	–	–				
Vote 6 - [NAME OF VOTE 6]		–	–	–				
Vote 7 - [NAME OF VOTE 7]		–	–	–				
Vote 8 - [NAME OF VOTE 8]		–	–	–				
Vote 9 - [NAME OF VOTE 9]		–	–	–				
Vote 10 - [NAME OF VOTE 10]		–	–	–				
Vote 11 - [NAME OF VOTE 11]		–	–	–				
Vote 12 - [NAME OF VOTE 12]		–	–	–				
Vote 13 - [NAME OF VOTE 13]		–	–	–				
Vote 14 - [NAME OF VOTE 14]		–	–	–				
Vote 15 - [NAME OF VOTE 15]		–	–	–				
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		7,064	6,324	6,645	–	–	–	–
<b>Future operational costs by vote</b>	2							
Governance and administration								
Community and public safety								
Economic and environmental services								
Trading services								
Vote 5 - Other								
Vote 6 - [NAME OF VOTE 6]								
Vote 7 - [NAME OF VOTE 7]								
Vote 8 - [NAME OF VOTE 8]								
Vote 9 - [NAME OF VOTE 9]								
Vote 10 - [NAME OF VOTE 10]								
Vote 11 - [NAME OF VOTE 11]								
Vote 12 - [NAME OF VOTE 12]								
Vote 13 - [NAME OF VOTE 13]								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>		–	–	–	–	–	–	–
<b>Future revenue by source</b>	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
<b>Total future revenue</b>		–	–	–	–	–	–	–
<b>Net Financial Implications</b>		7,064	6,324	6,645	–	–	–	–

**Table 45 Detailed capital budget broken down by ward over three years**

<b>KWA SANI MUNICIPALITY</b>  <b>CAPEX FOR 2016/2017 MTREF</b>			
DESCRIPTION	2016/2017	2017/2018	2018/2019
FURNITURE & OFFICE EQUIPMENT	18,000		
FURNITURE & FITTINGS	52,900		
COMPUTER EQUIPMENTS & SOFTWARE	97,500		
PLANT & EQUIPMENT	20,000		
<b>MIG PROJECTS</b>			
THOKOZANI CRECHE	1,635,687	66,708	
MZOKHULAYO CRECHE	1,635,687	66,708	
RIDGE CRECHE		1,801,246	
KWAPITELA CRECHE			
UPGRADE OF WOOD FORD ROAD	310,887		
ENHLANHLENI COMBO COURT	1,197,871		
KWAPITELA GRAVEL ROAD AND CAUSEWAY BRIDGE	1,689,891		
UPGRADING OF UNDEBERG TOWN ROADS PHASE 1	405,124	2,588,161	
EKHUBENI CRECHE		1,801,246	
BUHLEBOKUSIZANA CRECHE			2,000,000
BUHLEBEMVELO CRECHE-MQATSHENI			2,000,000
UPGRADE OF UNDERBERG EAST AVENUE RD			2,645,054
<b>TOTAL</b>	<b>7,063,546</b>	<b>6,324,069</b>	<b>6,645,054</b>
<b>FUNDING</b>			
MIG	6,875,146	6,324,069	6,645,054
INTERNALLY GENERATED REVENUE - TRF FROM INVESTMENTS	188,400		
<b>TOTAL</b>	<b>7,063,546</b>	<b>6,324,069</b>	<b>6,645,054</b>
<b>KZN436 ALLOCATION</b>	<b>29,513,000</b>	<b>27,722,000</b>	<b>29,130,000</b>

**Table 46 - Schedule of Service Delivery Standards**

<b>KZN432 - Schedule of Service Delivery Standards</b>	
<b>Description</b>	
<b>Standard</b>	<b>Service Level</b>
<b>Solid Waste Removal</b>	
Premise based removal (Residential Frequency)	once a week
Premise based removal (Business Frequency)	daily
Bulk Removal (Frequency)	once a week
Removal Bags provided(Yes/No)	YES
Garden refuse removal Included (Yes/No)	YES
Street Cleaning Frequency in CBD	daily
Street Cleaning Frequency in areas excluding CBD	daily
How soon are public areas cleaned after events (24hours/48hours/longer)	24 HOURS
Clearing of illegal dumping (24hours/48hours/longer)	24 HOURS
Recycling or environmentally friendly practices(Yes/No)	YES
Licensed landfill site(Yes/No)	transfer station
<b>Water Service</b>	
Water Quality rating (Blue/Green/Brown/NO drop)	
Water Quality rating (Blue/Green/Brown/NO drop)	
Frequency of meter reading? (per month, per year)	PER MONTH
Are estimated consumption calculated on actual consumption over (two month's/three month's/longer period)	
On average for how long does the municipality use estimates before	MONTH

reverting back to actual readings? (months)	
<i>Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)</i>	
One service connection affected (number of hours)	
Up to 5 service connection affected (number of hours)	
Up to 20 service connection affected (number of hours)	
Feeder pipe larger than 800mm (number of hours)	
What is the average minimum water flow in your municipality?	
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	
How long does it take to replace faulty water meters? (days)	
Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)	
<b>Electricity Service</b>	
What is your electricity availability percentage on average per month?	
Do your municipality have a ripple control in place that is operational? (Yes/No)	
How much do you estimate is the cost saving in utilizing the ripple control system?	
What is the frequency of meters being read? (per month, per year)	
Are estimated consumption calculated at consumption over (two month's/three month's/longer period)	
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	
Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)	
Are accounts normally calculated on actual readings? (Yes/no)	
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	
How long does it take to replace faulty meters? (days)	
Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)	



How effective is the action plan in curbing line losses? (Good/Bad)	
How soon does the municipality provide a quotation to a customer upon a written request? (days)	
How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)	
How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)	
How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)	
<b>Sewerage Service</b>	
Are your purification system effective enough to put water back in to the system after purification?	YES
To what extend do you subsidize your indigent consumers?	
<i>How long does it take to restore sewerage breakages on average</i>	
Severe overflow? (hours)	2 HOURS
Sewer blocked pipes: Large pipes? (Hours)	2 HOURS
Sewer blocked pipes: Small pipes? (Hours)	1 HOUR
Spillage clean-up? (hours)	
Replacement of manhole covers? (Hours)	
<b>Road Infrastructure Services</b>	
Time taken to repair a single pothole on a major road? (Hours)	48 HOURS
Time taken to repair a single pothole on a minor road? (Hours)	12 HOURS
Time taken to repair a road following an open trench service crossing? (Hours)	24 HOURS
Time taken to repair walkways? (Hours)	N/A
<b>Property valuations</b>	

How long does it take on average from completion to the first account being issued? (one month/three months or longer)	ONE MONTH
Do you have any special rating properties? (Yes/No)	NO
<b>Financial Management</b>	
Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)	DECREASE
Are the financial statement outsourced? (Yes/No)	YES
Are there Council adopted business process restructuring the flow and management of documentation feeding to Trial Balance?	Yes
How long does it take for an Tax/Invoice to be paid from the date it has been received?	30 DAYS
Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?	YES
<b>Administration</b>	
Reaction time on enquiries and requests?	2 DAYS
Time to respond to a verbal customer enquiry or request? (working days)	1 DAY
Time to respond to a written customer enquiry or request? (working days)	2 DAYS
Time to resolve a customer enquiry or request? (working days)	2 DAYS
What percentage of calls are not answered? (5%,10% or more)	5
How long does it take to respond to voice mails? (hours)	2 hours
Does the municipality have control over locked enquiries? (Yes/No)	Yes
Is there a reduction in the number of complaints or not? (Yes/No)	YES
How long does it take to open an account to a new customer? (1 day/ 2 days/ a week or longer)	1 DAY
How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?	weekly

Community safety and licensing services	
How long does it take to register a vehicle? (minutes)	10 minutes
How long does it take to renew a vehicle license? (minutes)	3 minutes
How long does it take to issue a duplicate registration certificate vehicle? (minutes)	5 minutes
How long does it take to de-register a vehicle? (minutes)	5 minutes
How long does it take to renew a drivers license? (minutes)	3 minutes
What is the average reaction time of the fire service to an incident? (minutes)	20 minutes
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)	2 hours
What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)	5 hours
<b>Economic development</b>	
How many economic development projects does the municipality drive?	4
How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?	1
What percentage of the projects have created sustainable job security?	-
Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No)	NO
<b>Other Service delivery and communication</b>	
Is there an information package handed to the new customer? (Yes/No)	NO
Does the municipality have training or information sessions to inform the community? (Yes/No)	YES
Are customers treated in a professional and humanly manner? (Yes/No)	YES

## 2.15 Legislations compliance status

The 2016//2017 MTREF has been prepared in terms of MFMA, treasury circulars, gazettes, regulations and other relevant Acts.

## 2.16 Annual budgets of municipal entities attached to the municipal budget.

The municipality does not have municipal entities.

## 2.17 Section 14(5) of the Local Government: Municipal Structures Act

The municipality has complied with the above Act and the budget is line with the resolutions taken by the Municipal Technical Change Management Committee including decisions relating to filling of vacant post, use of reserves, contracts that would have a period more than ten months and purchase of assets more than R 500 000.

## 2.18 Redetermination of Municipal boundaries

Below is the 2016/2017 Business Plan for Demarcation Grant.

Expenditure Item	Quantity	Unit Cost	Projected Expenditure
		R	R
Financial Management Systems		2 000 000.00	2 000 000.00
ICT		1 500 000.00	1 500 000.00
Records Management		335 000.00	335 000.00
General Valuation Roll		2 800 000.00	2 800 000.00
Relocation Cost		200 000.00	200 000.00
Pay Parity		2 737 660.00	2 737 660.00
By Laws		141 340.00	141 340.00
<b>TOTAL</b>		<b>9 714 000.00</b>	<b>9 714 000.00</b>

It should be noted that the funds allocated for amalgamation are not enough to cover all the costs associated with amalgamation of Kwa Sani and Ingwe Municipality before and after the amalgamation.

### **2.19 Municipal regulation on the Standard Chart of Accounts (mSCOA)**

The Municipal Council adopted the regulation for the Standard Chart of Accounts and have an ongoing consultation with current Finance system provider (SAMRAS) to ensure that the municipality would be able to implement it. SAMRAS is one of the service providers that have pilot sites for mSCOA and based on their reports it seems as if they would be one of service providers that comply with mSCOA requirements. The municipality will start the test run for mSCOA in January 2017 and ensure that it has an mSCOA approved Adjustment Budget.

### **2.20 Other documents**

Attached are the following documents which forms part of the budget document.

- Summary of budget by municipal budget line items
- A 1 Schedules
- Public Notice for the Tabled Final Budget, By-Laws, Policies and Tariffs of charges for 2016/2017
- Budget related policies and rates-by laws
- mSCOA project Plan
- SDBIP

## 2.21 SUMMARY OF BUDGET BY MUNICIPAL BUDGET LINE ITEMS

KWA SANI MUNICIPALITY					
2016/2017 MTREF					
DESCRIPTION	2015/2016 BUDGET	2015/2016 ADJUSTED	2016/2017 BUDGET	2017/2018	2018/2019
<b>30 EMP RELATED COSTS - WAGES</b>					
SALARY	12,434,899	12,322,715	13,930,460	13,586,794	9,188,733
ANNUAL BONUS	1,060,372	865,845	1,286,839	1,378,381	800,660
CELLPHONE ALLOWANCES	7,325	7,325	7,471	8,009	8,562
TRANSPORT ALLOWANCES	213,642	213,642	217,915	233,604	249,723
EPWP STIPEND	489,908	650,920	458,037	0	0
OVERTIME	778,935	744,803	573,205	613,379	237,789
HOUSING ALLOWANCE	71,578	80,695	73,103	78,320	65,887
ACTING ALLOWANCE	76,216	17,677	1,709	1,832	1,959
BACK PAY	115,710	194,840	30,250	32,394	21,564
RE-IMBURSIVE TRAVEL	599,241	709,334	556,628	595,803	454,453
HOUSING ALLOWANCE	0	42,728	679,381	726,431	507,150
LEAVE PROVISION	155,857	72,906	0	0	0
LONG SERVICE BONUS	12,848	12,848	0	0	0
<b>Sub Total</b>	<b>16,016,530</b>	<b>15,936,279</b>	<b>17,438,864</b>	<b>16,868,530</b>	<b>17,523,132</b>
<b>31 EMP RELATED COSTS - SOCIAL</b>					
MEDICAL AID CONTRIBUTIONS	543,335	558,226	3,290,383	3,517,348	2,444,437
PENSION FUND CONTRIBUTIONS	1,556,798	1,394,095	2,093,023	2,236,373	1,494,547
BARGAINING COUNCIL	8,876	7,476	6,633	7,087	5,130
UIF	104,518	103,135	149,910	160,154	114,030
SKILLS DEVELOPMENT LEVY	172,915	164,450	146,044	155,924	115,492
		0	0	0	0
<b>Sub Total</b>	<b>2,386,442</b>	<b>2,227,382</b>	<b>5,550,096</b>	<b>5,937,273</b>	<b>6,336,613</b>
<b>TOTAL EMPLOYEE RELATED</b>	<b>18,402,972</b>	<b>18,163,661</b>	<b>22,988,960</b>	<b>22,805,804</b>	<b>23,859,745</b>
<b>34 REMUNERATION OF COUNCILLORS</b>					
COUNCILLOR ALLOWANCES	1,483,796	1,627,675	2,349,343	2,518,496	2,692,272
MEDICAL AID CO.CONTRIBUTIONS	0	0	0	0	0
CELLPHONE ALLOWANCES	183,265	171,276	290,170	311,062	332,526
TRANSPORT ALLOWANCES	209,412	215,140	248,676	266,581	284,975
<b>Sub Total</b>	<b>1,876,473</b>	<b>2,014,091</b>	<b>2,888,189</b>	<b>3,096,139</b>	<b>3,309,773</b>
	<b>20,279,445.02</b>	<b>20,177,752.11</b>	<b>25,877,149.46</b>	<b>25,901,942.56</b>	<b>27,169,517.33</b>
<b>TOTAL EMPLOYEE COSTS %</b>	<b>46%</b>	<b>42%</b>	<b>56%</b>	<b>58%</b>	<b>61%</b>

DESCRIPTION	2015/2016 BUDGET	2015/2016 ADJUSTED	2016/2017 BUDGET	2017/2018	2018/2019
<b>37 DEPRECIATION</b>					
DEPRECIATION & ASSET IMPAIRMENT	3,038,134	3,870,933	4,155,385	4,184,708	4,192,421
<b>Sub Total</b>	<b>3,038,134</b>	<b>3,870,933</b>	<b>4,155,385</b>	<b>4,184,708</b>	<b>4,192,421</b>
<b>38 REPAIRS &amp; MAINTENANCE</b>					
OFFICE BUILDING	190,551	183,659	77,148	78,777	30,446
OFFICE FURNITURE & FITTINGS	3,144	0	0	50,000	52,900
buildings & structures	370	0	0	0	0
EQUIPMENT	77,400	33,391	7,665	8,125	8,596
Pumps	0	10,991	0	0	0
vehicles	227,953	228,779	200,494	212,524	224,851
Dump	68,159	32,794	59,691	63,273	66,943
tractors and trailers	63,843	42,181	51,496	54,586	57,752
Small tools	10,000	42,469	5,856	6,207	6,567
FURNITURE & EQUIPMENT	67	0	10,000	10,600	11,215
COMPUTER COSTS	10,221	7,178	6,586	11,981	12,676
roads	1,358,002	1,258,002	1,000,745	1,160,790	1,228,116
taxi rank	12,205	69,843	0	0	0
OFFICE MACHINES	0	0	0	0	0
Commonage	0	0	0	0	0
Community Halls& Sportsfield	210,742	184,430	43,797	246,425	260,718
<b>Sub Total</b>	<b>2,232,658</b>	<b>2,093,716</b>	<b>1,463,479</b>	<b>1,903,288</b>	<b>1,960,779</b>
<b>40 FINANCE CHARGES</b>					
INTEREST PAID	150,539	243,323	135,069	93,173	98,577
CURRENT SERVICE COSTS	0	25,000	0	0	0
<b>INTEREST ON LONG SERVICE AWARDS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sub Total</b>	<b>150,539</b>	<b>268,323</b>	<b>135,069</b>	<b>93,173</b>	<b>98,577</b>

DESCRIPTION	2015/2016 BUDGET	2015/2016 ADJUSTED	2016/2017 BUDGET	2017/2018	2018/2019
<b>44 GENERAL EXPENSES</b>					
Audit committee	150,136	89,369	42,053	44,576	47,161
disaster management	26,508	2,220,480	0	0	0
Deeds returns	1,990	4,320	3,703	3,925	4,153
fuel & oil	647,833	601,544	399,708	423,690	448,264
Insurances	148,087	148,134	149,869	158,861	168,075
Legal fees	630,920	578,520	117,004	124,024	131,217
SECURITY	787,120	590,000	540,000	672,400	691,399
SUBSCRIPTIONS	6,230	0	0	0	0
SUBSISTENCE & TRAVEL	815,914	1,226,229	481,185	610,056	640,439
SUNDRY	43,623	48,124	23,091	24,476	25,896
Special & Youth Programs	463,785	463,785	301,957	320,074	338,638
Television service	0	7,000	6,000	6,360	6,729
Valuation fee	217,300	194,720	21,129	22,396	23,695
WORKMANS COMPENSATION	100,368	450,366	127,090	134,716	142,529
vehicle leases	25,680	129,887	16,043	17,006	17,992
Catering costs	0	0	5,000	5,300	5,607
AUDIT FEES	2,113,615	1,967,629	1,094,083	1,256,728	1,259,618
V.I.P. Catering & Visits	25,827	22,025	23,157	24,546	25,970
ARTS AND CULTURE	200,002	200,002	150,002	159,003	168,225
CONFERENCES	8,279	8,279	0	0	0
STRATEGIC PLANNING	120,000	189,000	46,925	49,741	52,626
ELECTRICITY	273,174	283,597	192,498	204,048	215,882
FAX	4,410	4,742	4,065	4,309	4,558
PHOTOCOPIER	11,374	5,015	3,328	3,527	3,732
PRINTING	214,948	306,128	105,416	111,741	118,222
STAFF TRAINING	719,243	793,721	214,999	227,898	241,117
TELEPHONE	655,025	730,922	450,138	477,146	494,821
WATER	97,033	53,431	50,853	53,905	57,031
protective clothing	14,334	24,334	0	0	0
CONSUMABLES	90,235	72,468	63,360	67,162	71,057
POSTAGE	34,807	10,089	4,504	4,774	5,051
Refuse bags	37,629	39,000	64,166	68,016	71,961
Removal fees	833,651	783,651	458,932	486,468	511,684
fire services	820,000	922,143	830,000	879,800	930,828
radio expense	4,006	3,277	3,200	3,392	3,589
uniforms	22,857	66,062	150,000	150,000	158,700
BANK CHARGES	55,392	56,209	47,564	50,418	53,342
ADVERTISING	216,004	171,539	79,748	84,533	89,436
Stands & Exhibitions	65,216	65,216	11,400	12,084	12,785
Lease office	33,957	33,957	31,585	33,480	35,422
FREE BASIC SERVICES	188,812	151,212	140,591	149,026	157,670
SALGA KZN	463,739	500,000	250,000	265,000	280,370
WARD COMMITTEES	295,825	169,400	111,543	118,235	125,093
street light underberg and himeville	198,347	246,949	232,288	246,225	260,506
CAPACITY BUILDING	315,852	1,499,280	219,991	233,191	246,716
MFMA Expense	760,240	760,240	760,240	805,854	847,594
vehicle tracking	21,060	18,433	19,477	20,646	21,843
MSIG EXPENSE	409,260	409,260	0	0	0
STATIONERY	192,050	179,618	46,785	49,592	52,469
MEMBERSHIP FEES	23,108	2,865	2,884	3,057	3,235
PR- publications & sponsorship	193,177	243,759	100,759	106,805	112,999
SPORTS	65,038	55,038	0	0	0
vehicle licenses	25,367	9,744	21,117	22,384	23,682
HIV & AIDS AWARENESS	117,570	84,050	74,086	78,531	83,086
Youth & Sports development	49,969	39,969	0	0	0
Local Economic Development	599,628	599,628	600,000	636,000	672,888
Pauper Burials	43,670	33,670	19,714	20,897	22,109
IDP PROGRAMMS	90,192	90,192	58,594	62,110	65,712
LIBRARY PROGRAMMES	0	0	52,000	55,120	58,317
EPWP	345,549	244,666	220,000	0	0
SPACIAL DEVELOPMENT FRAMEWORK &	400,000	400,000	228,389	242,092	256,133
DEMARCATIION GRANT	1,857,000	1,857,000	4,857,000	2,283,000	0
Tourism programmes	313,000	313,000	213,000	225,780	238,875
EMPLOYEE AWARENESS	50,000	47,260	12,652	13,411	14,189
IT SERVICES-CONTRACTED	134,888	84,888	86,971	92,189	97,536
<b>Sub Total</b>	<b>17,889,854</b>	<b>21,605,035</b>	<b>14,641,834</b>	<b>12,709,724</b>	<b>10,918,474</b>
<b>TRANSFERS &amp; GRANTS</b>	<b>238,944</b>	<b>141,801</b>	<b>144,641</b>	<b>153,320</b>	<b>162,212</b>



DESCRIPTION	2015/2016 BUDGET	2015/2016 ADJUSTED	2016/2017 BUDGET	2017/2018	2018/2019
46 LOSS ON SALE OF PPE					
LOSS ON DISPOSAL OF PPE	0	0	0	0	0
ACTUARIAL GAIN/LOSS	0	0	0	0	0
Sub Total	0	0			
<b>TOTAL EXPENDITURE</b>	<b>44,076,001</b>	<b>48,371,256</b>	<b>46,478,716</b>	<b>44,959,155</b>	<b>44,515,735</b>
10 REVENUE					
COMMUNITY & SOCIAL SERVICES	0	0	0	0	0
PLANNING & DEVELOPMENT	0	-55,906	0	0	0
OTHER	-934	0	0	0	0
ROAD TRANSPORT	0	0	0	0	0
SISONKE CAPACITY ROLLED-OVER GRAN	-74,515	-29,601	0	0	0
Sub Total	-75,449	-85,507	0	0	0
13 FINES					
FINES	-83,709	-43,900	-37,820	-40,014	-55,266
Sub Total	-83,709	-43,900	-37,820	-40,014	-55,266
16 GRANTS RECEIVED					
GOVERNMENT EQUITABLE SHARE	-15,076,000	-15,076,000	-14,474,363	-15,109,374	-15,833,113
MUN FIN MANAGEMENT GRANT	-1,800,000	-1,800,000	-1,825,000	-1,900,000	-2,028,000
MSIG GRANT	-930,000	-930,000	0	0	0
OTHER - DEMARCATION GRANT	-1,857,000	-1,857,000	-4,857,000	-2,283,000	0
Arts and Culture Grants	-723,000	-723,000	-738,000	-771,000	-810,000
Sports Grant Income	-150,000	-150,000	0	0	0
EPWP-Incentive grant	-1,000,000	-1,000,000	-1,095,500	0	0
Sub Total	-21,536,000	-21,536,000	-22,989,863	-20,063,374	-18,671,113
GRANT DEPENDENCY %	49%	45%	49%	45%	42%

DESCRIPTION	2015/2016 BUDGET	2015/2016 ADJUSTED	2016/2017 BUDGET	2017/2018	2018/2019
<b>17 OTHER REVENUE</b>					
DISCOUNT RECEIVED	0	-64,285	0	0	0
SUNDRY INCOME	-46,523	-60,449	-64,108	-67,954	-71,896
SKILLS LEVY INCOME	-20,585	0	0	0	0
EPWP - GRANT ROLL OVER	0	-54,414	0	0	0
HOUSING DEVELOPMENT	0	-110,580	0	0	0
Building Plans	-136,026	-197,334	-196,377	-207,767	-220,025
garden refuse	0	0	-5,618	-5,955	-6,301
refuse bag sales	-2,089	-2,484	-2,633	-2,791	-2,953
VALUATION APPEAL	0	0	-67,000	-71,020	-75,139
Hall Hire	-3,136	-660	-43,899	-46,533	-49,232
Burial fees	-4,395	-1,321	-7,488	-7,937	-8,397
CORRIDOR DEVELOPMENT	-928	0	0	0	0
FRAUD PREVENTION	-171,343	-171,343	0	0	0
ARTS & CULTURE	0	-253,890	0	0	0
MPRA	0	-39,850	0	0	0
VAT REFUND/TRF FROM INVESTMENTS	-1,488,053	0	-1,742,133	-1,846,661	-1,953,767
RATES CERTIFICATES	-7,463	-8,652	-9588.6	-10163.916	-10753.42313
KZN PBA APPLICATIONS	-6,078	0	-50000	-53000	-56074
SDF	-126,278	-39,417	0	0	0
LIBRARY REVENUE	-2,601	-5,135	-5,443	-5,769	-6,104
GIS Software	0	-292,621	0	0	0
SPORTS GRANT ROLL OVER	0	-225,491	0	0	0
BOOKKEEPING GRANT ROLL-OVER	0	-109,397	0	0	0
PMS	0	-48,364	0	0	0
SHARED PLANNER 20% FROM INGWE & WASTE MANAGEMENT	-104,004	-111,280	-254400	-269155.2	0
TRF FROM INVESTMENTS	0	-2,124,000	-590,901	-626,355	-662,684
PLANS FINES	-4,637	0	0	0	0
LGSETA-SKILLS LEVY INCOME		-2,300,000	0	0	0
<b>Sub Total</b>	<b>-2,124,139</b>	<b>-6,069,508</b>	<b>-3,039,588</b>	<b>-3,221,062</b>	<b>-2,903,300</b>
<b>LICENCES &amp; PERMITS</b>					
MV Licenses	-295,736	-269,824	-300,018	-318,019	-336,464
Licence conversion	0	0	0	0	0
Taxi permits	-1,594	-2,865	-3,169	-3,359	-3,554
Vendor permits	-4,087	-2,832	-3,001	-3,182	-3,366
Leaners licenses	-524,000	-442,310	-490,253	-519,668	-549,809
<b>Sub Total</b>	<b>-825,417</b>	<b>-717,830</b>	<b>-796,441</b>	<b>-844,227</b>	<b>-893,193</b>
<b>20 PROPERTY RATES</b>					
GENERAL RATES	-22,557,106	-22,385,638	-22,300,042	-23,638,045	-25,009,052
GENERAL RATES REBATE	8,386,805	8,362,355	8,362,355	8,864,096	9,378,214
DISCOUNT ALLOWED	54,549	18,789	18,789	19,917	21,072
<b>Sub Total</b>	<b>-14,115,752</b>	<b>-14,004,494</b>	<b>-13,918,898</b>	<b>-14,754,032</b>	<b>-15,609,766</b>
<b>35 PENALTY</b>					
PENALTY	-288,554	-168,853	-151,175	-160,246	-169,540
COLLECTION CHARGES	-961,706	-1,413,056	-1,243,381	-1,317,984	-1,394,427
<b>Sub Total</b>	<b>-1,250,260</b>	<b>-1,581,909</b>	<b>-1,394,556</b>	<b>-1,478,230</b>	<b>-1,563,967</b>
<b>70 RENTALS</b>					
RENTALS	-461,049	-349,990	-370,989	-393,248	-416,057
<b>Sub Total</b>	<b>-461,049</b>	<b>-349,990</b>	<b>-370,989</b>	<b>-393,248</b>	<b>-416,057</b>
<b>80 INTEREST RECEIVED</b>					
INTEREST ON INVESTMENTS	-1,256,904	-1,256,904	-1,229,009	-1,302,750	-1,378,309
<b>Sub Total</b>	<b>-1,256,904</b>	<b>-1,256,904</b>	<b>-1,229,009</b>	<b>-1,302,750</b>	<b>-1,378,309</b>
<b>90 Tariff Income</b>					
service charge	-2,674,204	-2,958,882	-2,941,099	-3,117,565	-3,298,384
refuse rebate	314,650	232,201	232,201	246,133	260,409
<b>Sub Total</b>	<b>-2,359,553</b>	<b>-2,726,681</b>	<b>-2,708,898</b>	<b>-2,871,432</b>	<b>-3,037,975</b>
<b>TOTAL INCOME</b>	<b>-44,088,232</b>	<b>-48,372,723</b>	<b>-46,486,064</b>	<b>-44,968,369</b>	<b>-44,528,946</b>
<b>OPERATING (SURPLUS)/DEFICIT</b>	<b>-12,231</b>	<b>-1,467</b>	<b>-7,348</b>	<b>-9,214</b>	<b>-13,212</b>

Table 47 KZN436 Final Budget Summary

KZN436 MUNICIPALITY FINAL SUMMARY BUDGET 2016/2017					
	Ingwe Budget Estimates: 2016/2017	KwaSani Budget Estimates: 2016/2017	KZN436 Budget Estimates: 2016/2017	KZN436 Budget Estimates: 2017/2018	KZN436 Budget Estimates: 2018/2019
REVENUE					
				-	
Total Own Revenue and Grants	-149,962,843.22	-53,549,610.40	-203,513,307.16	-205,710,102.98	-210,743,564.96
<u>EXPENDITURE</u>					
General Expenses					
Total General Expenses	30,470,648.63	16,801,145.05	47,271,795.68	50,013,663.83	52,914,456.33
				-	
Salaries and Allowances				-	
Total Employee Related Costs and Councillors Remuneration	43,253,937.26	25,320,520.67	68,574,457.93	72,551,776.49	76,759,779.53
REPAIRS AND MAINTENANCE					
TOTAL REPAIRS & MAINTENANCE	10,241,503.85	1,683,479.36	11,924,983.21	12,616,632.24	13,348,396.91
Total Operating Expenses	83,966,089.74	43,805,145.08	127,771,236.82	135,182,072.56	143,022,632.77
				-	-
Programmes					
Total Programmes	10,852,144.50	2,673,570.73	13,525,715.23	14,310,206.71	15,140,198.70
	-				
Total Operating expenses and Programmes	94,818,234.25	46,478,715.81	141,296,952.05	149,492,279.27	158,162,831.47
Nett (Surplus)/Deficit	-55,144,608.98	-7,070,894.59	-62,216,355.11	-56,217,823.71	-52,580,733.49
	-				
Capital Expenditure	-				
Total Capital Expenditure	55,144,609.00	7,063,546.00	62,208,155.00	27,715,377.52	29,322,869.42
Nett (Surplus)/Deficit after Capex	0.02	(7,348.59)	(8,200.11)	(28,502,446.19)	(23,257,864.07)

## **2.22 Municipal manager's quality certificate**

## **2.23 Public Notice of the 2016/2017 Final Budget**



### **KZN436, KWA SANI AND INGWE MUNICIPALITY PUBLIC NOTICE**

#### **PUBLIC NOTICE ON THE APPROVAL OF FINAL BUDGET, BY-LAWS, BUDGET RELATED POLICIES, MUNICIPAL RATES & TARIFFS OF CHARGES FOR 2016/2017**

Notice is hereby given in terms of the Local Government Municipal Systems Act No. 32 of 2000 and of Section 14(1) and (2) of the Local Government Municipal Property Rates Act, 2004, that the Final Budget, Municipal Rates, Tariffs of Charges, By-laws and Budget Related Policies of the Kwa Sani Municipality and KZN436 for 2016/2017 has been approved by Council Resolution Number 38/MAY/2016 taken on the 30<sup>th</sup> May 2016 by the Council of Kwa Sani Municipality and by PCMC on the 31<sup>st</sup> May 2016 in terms of the Local Government Municipal Finance Management Act No. 56 of 2003 and are now available for public viewing in the Municipal Building (Reception), Municipal Library and Municipal website.

In terms of section 14(1) and (2) of the Local Government Municipal Property Rates Act, 2004 the council resolves by way of Council resolution number 38/MAY/2016, to levy rates on property reflected in the schedule below with effect from 01 July 2016 as follows:

Goods /Service	2015/2016 Ingwe Tariffs	2015/2016 KWA SANI TARIFFS	KZN436, KZN431 & KZN432 MUNICIPALITY 2016/2017 TARIFFS OF CHARGES	
			INGWE / FORMER INGWE	KWA SANI / FORMER KWA SANI
CAT 1:RESIDENTIAL PROPERTIES	1.85c/R	1.306c/R	1.371c/R	1.371c/R
CAT 2:COMMERCIAL PROPERTIES	2.00c/R	2.613c/R	2.100c/R	2.100c/R
INDUSTRIAL	2.00c/R		2.100c/R	
CAT3:AGRICULTURAL PROPERTIES	0.46c/R	0.326c/R	0.340c/R	0.340c/R
CAT4:STATE OWNED PROPERTIES	0.46c/R	1.306c/R	1.371c/R	1.371c/R
CAT 5:PSI	0.46c/R	0.326c/R	0.340c/R	0.340c/R
CAT 6: PBO	0.46c/R	0.326c/R	0.340c/R	0.340c/R
CAT 8:TOURISM & HOSPITALITY RURAL	0.46c/R	0.653c/R		0.680
CAT 10:RESIDENTIAL SMALL HOLDING	1.85c/R	1.306c/R	1.371c/R	1.371c/R
CAT 11:TOURISM & HOSPITALITY URBAN	1.46c/R	1.306c/R		1.371c/R
COMMUNAL PROPERTY ASSOCIATIONS	1.85c/R		1.371c/R	
Full details of the Council Resolution and rebates, reductions and exclusions specific to each category of owners of properties or owners of a specific category of properties as determined through criteria in the municipality's rates policy are available for inspection in the municipality's offices, website ( <a href="http://www.kwasani.gov.za">www.kwasani.gov.za</a> ) and in the Library.				
<b>THE TARIFFS OF CHARGES FOR OTHER SERVICES ARE AS FOLLOWS:</b>				
<b><u>REFUSE REMOVAL</u></b>				
Government Housing	R 1 056.00	R 537.00	R 572.44	R 572.44
Residential Properties	R 1 056.00	R 3,396.00	1125.696	R 3,396.00
Tourism & Hospitality Urban properties		R 3,396.00	R 3,396.00	R 3,396.00
Agriculture & Residential smallholding properties		R 3,396.00	R 3,396.00	R 3,396.00
<b>Goods /Service</b>				
Business and other properties are billed for the sum of the business within each Centre/Mall/Property.				
<b><u>Business &amp; Other properties</u></b>				
Commercial	R 4 182.00			

			R 4 458.01	
Large	R 83 742.24	R 17 340.00		R 17 340.00
"Significant volume of waste and difficult to handle"				
Medium		R 8,580.00	R 8,580.00	R 8,580.00
Small		R 4,200.00	R 4,200.00	R 4,200.00
Garden Refuse (per load)	R 830.02	R 209.00	R 884.80	R 222.79
<b>A) BUILDING PLANS</b>				
1 building fee per sqm		R 19.75	R 21.05	R 21.05
<b>B) ROAD ENDOWMENTS</b>				
1 90-200 sqm		R 1 568.00	R 1 671.49	R 1 671.49
2 201 – 400 sqm		3136	R 3 342.98	3342.976
3 401 – 800 sqm		5488	R 5 850.21	5850.208
>801 sqm		7840	R 8 357.44	8357.44
<b>C) CEMETERY</b>				
1 Indigent burial fee		R 47.00	R 50.10	R 50.10
2 burial fee		R 612.00	R 652.39	R 652.39
3 ashes burial fee		R 47.00	R 50.10	R 50.10
4 cemetery fee	R 199.12	R 353.00	R 212.26	R 376.30
<b>D) HALL HIRE ALL KSM</b>				
1 Funerals		R 110.00	R 117.26	R 117.26
2 Beauty Contests		R 188.00	R 200.41	R 200.41
3 Weddings		R 439.00	R 467.97	R 467.97
5 Deposit		R 392.00	R 417.87	R 417.87
<b>Creighton Hall</b>				
<b>Deposit</b>	<b>R 500.00</b>			
Weddings	R 934.82		996.52	996.52
Commercial Use	R 745.80		795.02	795.02
Governmental Use	R 745.80		795.02	795.02
Concerts	R 934.82		996.52	996.52
Rehearsal	R 188.31		200.74	200.74
Functions	R 934.82		996.52	996.52
Religious Services Whole Day	R 619.37		660.25	660.25
Religious Services Saturday Mornings	R 129.00		137.51	137.51
<b>Bulwer Hall</b>				

<b>Deposit</b>	<b>R 1 000.00</b>			
Commercial Use	R 2 473.28		2 636.52	2 636.52
Commercial Use/Associations	R 1 870.68		1 994.14	1 994.14
Governmental Use	R 1 870.68		1 994.14	1 994.14
Concerts	R 2 473.28		2 636.52	2 636.52
Rehearsal	R 309.16		329.56	329.56
Functions	R 1 870.68		1 994.14	1 994.14
Religious Services Whole Day	R 1 283.80		1 368.53	1 368.53
Religious Services Saturday Mornings	R 619.37		660.25	660.25
<b>Bulwer Library Facility Room</b>				
<b>Deposit</b>	<b>R 500.00</b>			
Commercial Use	R 129.00		137.51	137.51
Government Departments	R 129.00		137.51	137.51
<b>Other Community Halls</b>				
<b>Deposit</b>	<b>R 100.00</b>			
Weddings	R 524.00		558.58	558.58
Commercial Use	R 524.00		558.58	558.58
Governmental Use	R 262.00		279.29	279.29
Concerts	R 209.60		223.43	223.43
Rehearsal	R 52.40		55.86	55.86
Functions	R 524.00		558.58	558.58
Religious Services Whole Day	R 104.80		111.72	111.72
Religious Services Saturday Mornings	R 83.84		89.37	89.37
<b>E) <u>PERMITS</u></b>				
1 Vendor permits		R 67.00	R 71.42	R 71.42
2 Taxi permits		R 71.00	R 75.69	R 75.69
<b>F) <u>LIBRARIES</u></b>				
1 Photocopies – A3 per copy		R 8.00	R 8.53	R 8.53
2 Photocopies – A4 per copy		R 4.00	R 4.26	R 4.26



Faxing	R 6.60		7.04	7.04
<b>G) PLOT CLEARING</b>				
1 Firebreaks / Plot clearing		R 975.00	R 1 039.35	R 1 039.35
<b>I SPECIAL REMOVAL</b>			-	-
1 Rubble collection per load	R 55.55	R 436.00	R 59.22	R 464.78
<b>J) VALUATION</b>				
1 Valuation roll/ supplementary roll per hard copy		R 267.00		R 284.62
2 Valuation roll / supplementary roll per electronic copy		R 280.00		R 298.48
3 Valuation appeal / reasoning fee		R 134.00		R 142.84
<b>K) CLEARING CERTIFICATE</b>				
1 Certificate cost		R 89.00		R 94.87
<b>L) MISCELLANEOUS CHARGES</b>				
1 Refuse Bags (20's)	-	R 29.00	R 30.91	R 30.91
2 Refuse Bags (50's)		R 59.00	R 62.89	R 62.89
3 Photocopies – A3 per copy		R 16.00	R 17.06	R 17.06
4 Photocopies – A4 per copy	R 0.68	R 4.00	R 4.26	R 4.26
5 Photocopies – AO per copy		R 107.00	R 114.06	R 114.06
Ternder Document	R 332.22		R 354.15	
Quotes document	R 121.57		R 129.59	
<b>BUILDING CONTROL</b>		-	-	-
Erecting a building prior to local authority's approval	R 856.11	R 100 per day	912.61	106.60 p/d
Failing to comply with notice prohibiting erection of a building		R 100 per day		106.60 p/d
Occupying a building prior to issue of certificate by local authority		R 1 492.00		R 1 590.47
Hinder or obstructs any building officer etc		R 2 233.00		R 2 380.38
Failing to maintain any mechanical equipment or service installation in connection with a building condition		R 745.00		R 794.17
Failing to comply with notice with regulation		R 2 233.00		R 2 380.38
Drainage Scrutiny fee	R 610.67		R 650.97	R 650.97

Perform trade of plumbing without being trained plumber etc.		R 745.00	R 794.17	R 846.59
Carry out of plumbing work by a person other than a trained plumber, or exempted person		R 745.00	R 794.17	R 794.17
Trained plumber cases or permits non trained plumber to practice the trade of plumbing etc.		R 745.00	R 794.17	R 794.17
No notice given of intention to erect or demolish a building		R 745.00	R 794.17	R 794.17
No notice given that trenches/drains are ready for inspections		R 745.00	R 794.17	R 794.17
Construction of foundation before approval of trenches and excavations		R 1 492.00	R 1 590.47	R 1 590.47
Owner backfills or enclose drainage installation before inspection, testing and approval		R 745.00	R 794.17	R 794.17
Using of building for purpose other than the purpose which causes in the class of occupancy		R 2 233.00	R 2 380.38	R 2 380.38
Deviates from approved plan		R 745.29	R 794.48	R 794.48
Fails to cease work after notification of Council to do so		R 2 233.00	R 2 380.38	R 2 380.38
Fails to comply with Notice to erect building in accordance with regulation		R 745.00	R 794.17	R 794.17
Failing to provide protection of the edge of an balcony, bridge, flat roof or similar place		R 1 117.00	R 1 190.72	R 1 190.72
Access to swimming pool not controlled		R 1 117.00	R 1 190.72	R 1 190.72
Demolishing a building without permission from Local Council		R 111.00	R 118.33	R 118.33
Leaving a building in cause of demolition in a state dangerous to the public or any adjoining property		R 2 233.00	R 2 380.38	R 2 380.38
Fail to erect a fence, hoarding or barricade		R 1115/1488	1586.208	1586.208
Fail to confine any work of erection or demolition within the boundaries of site				
Construct any pit latrine without the permission of the		R 745.00	R 794.17	R 794.17

local Authority				
Fail to provide sufficient fire extinguishers etc.		R 1 492.00	R 1 590.47	R 1 590.47
Cause or permit any escape route to be rendered less effective etc.		R 1 492.00	R 1 590.47	R 1 590.47
Fail to observe conditions imposed to Local Authority		R 745.00	R 794.17	R 794.17
Fail to limit dust arising from work etc.		R 745.00	R 794.17	R 794.17
Failing to comply with a notice to cut into or lay open work or to carry out tests		R 745.00	R 794.17	R 794.17
Failing to comply with a notice to remove rubble, rubbish and/or debris from a building site		R 745.00	R 794.17	R 794.17
Failing to comply with a notice to remove surplus material and matter from the site or land or public street or arising from building or demolition work		R 745.00	R 794.17	R 794.17
Erecting or demolishing a building without providing sanitary facilities for employees		R 745.00	R 794.17	
Fail to provide drainage installation		R 745.00	R 794.17	R 794.17
Fail to lay, alter or extend any drain etc.		R 2 233.00	R 2 380.38	R 2 380.38
Permit sewerage to enter any street		R 2 233.00	R 2 380.38	R 2 380.38
Permit sewerage to enter any river etc.		R 2 233.00	R 2 380.38	R 2 380.38
Cause or permit storm water to enter any drainage installation on any site		R 745.00	R 794.17	R 794.17
Discharge or cause discharge of any water from a swimming pool etc. or any public street etc.		R 745.00	R 794.17	R 794.17
Fail to seal opening to pipe or drain etc.		R 745.00	R 794.17	R 794.17
Fail to seal opening permanently disconnected drain		R 745.00	R 794.17	R 794.17
Fail to notify the municipality of disconnecting of any drainage installation		R 745.00	R 794.17	R 794.17

<b>INDUSTRIAL/COMMERCIAL</b>				
Interfere with any sewer or connecting sewer		R 1 489.00	R 1 587.27	R 1 587.27
Fail to seal opening to piper or drain etc.		R 745.00	R 794.17	R 794.17
Fail to notify municipality of disconnecting of any drainage installation		R 745.00	R 794.17	R 794.17
Interfere with any sewer or connecting sewer		R 1 354.00	R 1 443.36	R 1 443.36
Break into or interfere with any drainage installation etc.		R 1 354.00	R 1 443.36	R 1 443.36
Put into use any drainage installation before inspection etc.		R 1 489.00	R 1 587.27	R 1 587.27
Construct any pit latrine without the permission of the municipality		R 744.00	R 793.10	R 793.10
Fail to provide sufficient fire extinguishers etc.		R 1 489.00	R 1 587.27	R 1 587.27
Cause or permit any escape route to be rendered less effective etc.		R 1 489.00	R 1 587.27	R 1 587.27
<b>TOWN PLANNING</b>				
Copies of Document A4 (per page)		R 4.00	R 4.26	R 4.26
Copies of Document A3 (per page)		R 8.00	R 8.53	R 8.53
Copies of Document A2 (per page)		R 16.00	R 17.06	R 17.06
Copies of Document A1 (per page)		R 32.00	R 34.11	R 34.11
<b>TOWNSHIPS</b>				
Establishment of a Township		R 3 479.00	R 3 708.61	R 3 708.61
Extension of a Township		R 3 479.00	R 3 708.61	R 3 708.61
Amendment of Cancellation of a general plan of a township		R 3 479.00	R 3 708.61	R 3 708.61
Extension of the validity of time for an approved township		R 686.00	R 731.28	R 731.28
Amendment to a layout plan		R 1 159.90	R 1 236.45	R 1 236.45
Phasing of approved layout	R 2 822.26		R 3 008.53	R 3 008.53
Cancellation of phasing of layout	R 2 115.91		R 2 255.56	R 2 255.56
<b>LAND USE SCHEMES</b>				

Adoption of a land use scheme		R 3 479.00	R 3 708.61	R 3 708.61
Amendment of a land use scheme		R 3 479.00	R 3 708.61	R 3 708.61
Development situated outside of a scheme		R 2 359.00	R 2 514.69	R 2 514.69
Adding a new area into a scheme	R 2 116.00		2 255.66	R 2 255.66
Residential	R 1 552.10		1 654.54	R 1 654.54
Commercial <5000m2	R 4 232.87		4 512.24	R 4 512.24
Commercial >5000m2	R 5 643.48		6 015.95	R 6 015.95
Infrastructure	R 705.30		751.85	R 751.85
<b>USE RIGHTS</b>				
<b>Rezoning property size &gt;500m2</b>	R 1 410.61		1 503.71	1 503.71
<b>5000m2 - 5ha</b>	R 2 822.26		3 008.53	3 008.53
<b>5 ha to 10ha</b>	R 4 232.87		4 512.24	4 512.24
<b>&gt;10ha</b>	R 8 460.50		9 018.89	9 018.89
Rezoning		R 1 400.00	R 1 492.40	R 1 492.40
Special consent		R 1 159.90	R 1 236.45	R 1 236.45
all sites less than 300m2 withing councils jurisdiction	R 493.61		R 526.19	R 526.19
All other special consent land uses as indicated in all schemes/site developoement plans	R 2 822.26		R 3 008.53	R 3 008.53
Cancellation of consent	R 2 822.26		R 3 008.53	R 3 008.53
Municipal Land to other use	nil if application is by the Municipality			
Home Business	R 353.18		R 376.49	R 376.49
Issue of a zoning Certificate	R 70.21	R 42.00	R 74.84	R 44.77
<b>RESTRICTIVE CONDITIONS</b>				
Removal of restrictive conditions of title		R 1 575.00	R 1 678.95	R 1 678.95
All sites less than 300m2 within Councils jurisdiction	R 282.00		300.612	R 300.61

All other special consent land uses as indicated in all schemes	R 423.40		451.34	451.34
<b>SUBDIVISION AND CONSOLIDATIONS</b>				
Subdivision basic fee	R 1 848.67	R 700.00	R 1 970.68	R 746.20
Subdivision per erven in addition to basic fee		R 70.00	R 74.62	R 74.62
Amendment of existing subdivision	R 451.69		R 481.50	R 481.50
Consolidation	R 1 410.61	R 700.00	R 1 503.71	R 746.20
Consolidation – 5 or more stands in addition to basic fee		R 70.00	R 74.62	R 74.62
consideration for approval of subdivision of Government subsidised Townships for low-income housing projects plus R 17.00 per subdivision + remainder	R 247.33		R 263.65	R 263.65
<b>RELAXATIONS</b>				
Building line relaxation		R 298.20	R 317.88	R 317.88
Building line relaxation Middle/higher cost houses	R 610.67		R 650.97	R 650.97
Building line relaxation Lower cost houses	R 305.44		R 325.60	R 325.60
Relaxation of a height restriction		R 298.20	R 317.88	R 317.88
Municipal servitude		R 157.50	R 167.90	R 167.90
all sites less than 300m2 within councils jurisdiction	R 493.61		R 526.19	R 526.19
Residential sites more than 300m2	R 353.18		R 376.49	R 376.49
Non residential sites	R 775.52		R 826.70	R 826.70
<b>CLOSURE OF PUBLIC SPACE</b>				
Permanent closure				
Temporary Closure – Street (exclude funeral)	R 1 410.61	R 1 400.00	R 1 503.71	R 1 492.40
Temporary closure – Park	R 1 410.61	R 210.00	R 1 503.71	R 223.86
<b>OTHER FEES</b>		R 210.00	R 223.86	R 223.86
Preparation of Service Level Agreements	R 1 410.61	1110	R 1 503.71	1183.26
Spot fine – applicable to buildings after July 2008 (enforcement)		2672.4	2 848.78	2 848.78
Confirmation of contravention	R 7 054.10		7 519.67	7 519.67

Daily rate for transgression until submission of application for regularisation (enforcement)	R 423.40	R 100.00 / day	451.3444	106.60 /day
Minimum charge that can be imposed by Municipal Court	R 28 217.40		30 079.75	30 079.75
Social Housing Max. 50 m <sup>2</sup> (Council Project)		n/c		
Minor Building Works (as per MBW schedule)	R 488.42	R 309.93	R 520.66	R 330.39
Preliminary plan scrutinising fees Tennis Court	R 247.00		R 263.30	R 263.30
Minimum Plan fee for architectural area ≤ 100 m <sup>2</sup>		R 475.45	R 506.83	R 506.83
Building Plan Applications: Architectural Area Of:				
<_ 20m2	R 415.27		132.61	132.61
>20m2	R 415.27		132.61	132.61
For every 10m2 or part thereof	R 124.40		132.61	132.61
≥ 100m <sup>2</sup> To ≤ 1000m <sup>2</sup>		R 22 /m <sup>2</sup>		
≥ 1000 m <sup>2</sup>		R 10 /m <sup>2</sup>		
Amended plans with no increase in floor area	R 415.27	R 475.79	R 442.68	R 507.19
Re-submission of lapsed plans without any alterations		R 475.79	R 507.19	R 507.19
Swimming pools (only)	R 247.00	R 292.39	R 263.30	R 311.69
Boundary/retaining wall - first 136 linear metres or part thereof	R 415.27		R 442.68	R 442.68
Boundary/retaining wall - for every linear metre of part thereof in excess of 136 linear metres or part thereof	R 29.20		R 31.13	R 31.13
Boundary Wall Exceeding 1.80 M in height (above NGL)		R 166.63	R 177.63	R 177.63
Retaining Walls up to 1.80 M in height (above NGL)		R 111.08	R 118.41	R 177.63
Retaining Walls Exceeding 1.80 M in height (above NGL)		R 166.63	R 177.63	R 177.63
Preliminary plans for comment (25 % of applicable fee)				
Plan amendment fees - Basic	R 309.20		329.61	329.61
INSPECTIONS: Per inspection		R 222.17	R 236.83	R 236.83
Reinspection fees	R 269.00		R 286.75	R 286.75
Refundable deposit	R 1 346.34		R 1 435.20	R 1 435.20

Temporary buildings for each 6 month period during construction phase onsite used, with Council approval (maximum 18 months)	R 269.00	1666.32	286.754	1 776.30
<b>POUND FEES</b>				
Transport fee	AA rates	AA rates	AA rates	AA rates
All inclusive pounde fee which includes: a. the pound fees b. a tending fee c. dipping or spraying fees d. wound dressing costs and fees e. medication costs and fees f. veterinarian fees	R 15.00 / day or part thereof for any pig, sheep or goat R 50.00/day or part thereof for any other animal	R 15.00 / day or part thereof for any pig, sheep or goat R 50.00/day or part thereof for any other animal	R 15.00 / day or part thereof for any pig, sheep or goat R 50.00/day or part thereof for any other animal	R 15.00 / day or part thereof for any pig, sheep or goat R 50.00/day or part thereof for any other animal

The first R 15 000 of all tourism & hospitality urban properties (B&B) and first R 50 000 on residential & residential small holding properties be exempt from the calculation of rates as per the Municipal Rates policy.

The tariffs will be applied to property values in the General Valuation Roll & Supplementary Rolls prepared in terms of MPRA. Property owners who have lodged objections on the market values of their properties are required to pay rates based on the objected values in terms of MPRA until their objections have been considered and adjustments will be made afterwards.

1. The 2016/2017 rates will be subjected to the following rebates at Kwa Sani/ former area of Kwa Sani municipality, in terms of Council's Rates policy.

DESCRIPTION	2015/2016	2016/2017
<b><u>REBATES</u></b>		
Developed Residential Properties	30%	30%
Residential Properties (situated outside the proclaimed boundaries of the townships Himeville & Underberg	5%	5%
Developed Business, Commercial & Industrial Properties	30%	30%



Commercial Properties (situated outside the proclaimed boundaries of the townships Himeville & Underberg	5%	5%
Agricultural Properties (situated outside the proclaimed boundaries of the townships Himeville & Underberg	35%	35%
Public Service Infrastructure Properties	30%	30%
Public Benefit Organisation Properties	100%	100%
Developed Commercial Properties utilized predominantly for Tourism & Hospitality (situated within & outside the proclaimed boundaries of the townships Himeville & Underberg)	30%	30%
Tourism & Hospitality Properties (situated outside the proclaimed boundaries of the townships Himeville & Underberg)	5%	5%
Developed Residential Smallholding Properties	30%	30%
Residential Smallholding Properties (situated outside the proclaimed boundaries of the townships Himeville & Underberg	5%	5%

**OTHER RELIEF MEASURES (on application)**

Indigent Owners Rebate	100%	100%
Pensioners Rebate 1	50%	50%
Pensioners Rebate 2	75%	75%
Pensioners Rebate 3	100%	100%
Disability Rebate	100%	100%
Child-Headed Households	100%	100%
Small Commercial Properties utilised predominantly for tourism & hospitality purposes	2%	2%
Non-Profit Organisation	100%	100%
Agricultural Bona Fide Farming Rebate	50%	50%

Commercial Properties utilized predominantly for tourism & hospitality purposes	20%	20%
Tourism & Hospitality Urban Properties (CAT11)	20%	
Properties in private ownership utilized for informal settlements	100%	100%
<b><u>EXEMPTIONS</u></b>	<b>REBATE</b>	
Ingonyama Trust Land	100%	100%
Place of Worship & official Residence	100%	100%

## **2. Due dates for Rates at Kwa Sani/former area of Kwa Sani Municipality**

- 2.1 That the final date for payment of annual rates be fixed at 16 September 2016 with a 3.2% discount for full payment upfront.
- 2.2 That rates are payable over a period of eleven (11) equal instalments with the first instalments payable on or before the last day of August 2016. Thereafter each monthly instalment must be paid on or before the last working day of each month and provide that penalties will accrue at 18% per annum if an instalments is not paid by the last working day of the month, and a flat 10% collection charge will be charged on any monthly instalments that fall two months into arrears, in terms of the Council's Debt Management Policies.
- 2.3 All other tariffs of charges for services rendered by the municipality will be increased by 6.6% unless other increase below 6.6% has been indicated in this document or budget document.

**KZN436 MUNICIPALITY**  
**FINAL SUMMARY BUDGET 2016/2017**

	Ingwe Budget Estimates: 2016/2017	KwaSani Budget Estimates: 2016/2017	KZN436 Budget Estimates: 2016/2017	KZN436 Budget Estimates: 2017/2018	KZN436 Budget Estimates: 2018/2019
<b>REVENUE</b>					
				-	
Total Own Revenue and Grants	-149,962,843.22	-53,549,610.40	-203,513,307.16	-205,710,102.98	-210,743,564.96
<b>EXPENDITURE</b>					
General Expenses					
Total General Expenses	30,470,648.63	16,801,145.05	47,271,795.68	50,013,663.83	52,914,456.33
				-	
Salaries and Allowances				-	
Total Employee Related Costs and councillors remuneration	43,253,937.26	25,320,520.67	68,574,457.93	72,551,776.49	76,759,779.53
<b>REPAIRS AND MAINTENANCE</b>					
TOTAL REPAIRS & MAINTENANCE	10,241,503.85	1,683,479.36	11,924,983.21	12,616,632.24	13,348,396.91
Total Operating Expenses	83,966,089.74	43,805,145.08	127,771,236.82	135,182,072.56	143,022,632.77
				-	-
Programmes					
Total Programmes	10,852,144.50	2,673,570.73	13,525,715.23	14,310,206.71	15,140,198.70
	-				
Total Operating expenses and Programmes	94,818,234.25	46,478,715.81	141,296,952.05	149,492,279.27	158,162,831.47
Nett (Surplus)/Deficit	-55,144,608.98	-7,070,894.59	-62,216,355.11	-56,217,823.71	-52,580,733.49
	-				
Capital Expenditure	-				
	-				
Total Capital expenditure	55,144,609.00	7,063,546.00	62,208,155.00	27,715,377.52	29,322,869.42
Nett (Surplus)/Deficit after Capex	0.02	(7,348.59)	(8,200.11)	(28,502,446.19)	(23,257,864.07)

The Municipality will assist those who require assistance in the determination of rates payable for the 2016/2017 financial year. Copies of the approved, Budget, tariffs for all charges, budget related policies and by-laws would be available at our office, 32 Arbuckle Street, Himeville, Underberg Library and on our website: [www.kwasani.gov.za](http://www.kwasani.gov.za).

NC James  
Acting Municipal Manager  
Kwa Sani Municipality



**cooperative governance**

Department:  
Cooperative Governance  
**REPUBLIC OF SOUTH AFRICA**

## **BUSINESS PLAN**

(as required in terms of the Division of Revenue Act, 2016)

### **MUNICIPAL DEMARCATION TRANSITION GRANT FOR THE 2016/17 FINANCIAL YEAR**

**(A SCHEDULE 5B GRANT)**

**(FIRST DRAFT SUBMITTED BY THE**

**CHANGE MANAGEMENT AND TRANSITION COMMITTEE [CMTC])**

NAME OF LOCAL MUNICIPALITY:	<b>KZN 436 MUNICIPALITY</b>
DEMARCATION CODE:	<b>KZN436</b>
NAME OF DISTRICT MUNICIPALITY:	<b>HARRY GWALA DISTRICT</b>
PROVINCE:	<b>KWA ZULU NATAL</b>

## **FRAMEWORK FOR THE MUNICIPAL DEMARCATION TRANSITION GRANT**

### **(AS PROVIDED IN THE DIVISION OF REVENUE ACT, 2016)**

<b>Municipal Demarcation Transition Grant</b>	
<b>Transferring Department</b>	<ul style="list-style-type: none"> <li>• Department of Cooperative Governance and Traditional Affairs (Vote 4)</li> </ul>
<b>Grant Schedule</b>	<ul style="list-style-type: none"> <li>• Schedule 5B</li> </ul>
<b>Strategic Goal</b>	<ul style="list-style-type: none"> <li>• Facilitate the successful implementation of major boundary changes that will take effect at the time of the 2016 local government elections</li> </ul>
<b>Grant purpose</b>	<ul style="list-style-type: none"> <li>• To subsidise the additional institutional and administrative costs arising from major boundary changes due to come into effect at the time of the 2016 local government elections</li> </ul>
<b>Outcome statements</b>	<ul style="list-style-type: none"> <li>• Municipalities affected by major boundary changes have administrations that are responsive, accountable, effective, efficient and developmental</li> </ul>
<b>Outputs</b>	<ul style="list-style-type: none"> <li>• Number of policies, systems, procedures and plans prepared to facilitate the smooth transition to a new municipality in 2016</li> </ul>
<b>Priority outcome(s) of government that this grant primarily contributes to</b>	<ul style="list-style-type: none"> <li>• Outcome 9: A responsive, accountable, effective and efficient developmental local government system</li> </ul>
<b>Details contained in the business plan</b>	<ul style="list-style-type: none"> <li>• Outcome indicators</li> <li>• Output indicators</li> <li>• Inputs</li> <li>• Key activities</li> <li>• Financial implications</li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>• To receive transfers from this grant, municipalities must participate in Change Management and Transitional Committees (CMTC) with the provincial departments and other municipality/municipalities impacted by the same boundary change</li> <li>• Funds may only be used in terms of a business plan approved by the national Department of Cooperative Governance (DCoG)</li> <li>• The grant may only be used to fund the following administrative costs to the extent that additional costs arise as a result of the impact of major boundary changes: <ul style="list-style-type: none"> <li>○ consolidation of records management between affected municipalities</li> <li>○ development of new organograms (including of work study, job evaluation, job description)</li> <li>○ enactment of a new set of by-laws</li> <li>○ communication and public participation directly related to the mergers</li> <li>○ rationalisation and alignment of municipal policies</li> <li>○ alignment of geographic information system data</li> <li>○ alignment of valuation rolls</li> <li>○ tariff restructuring</li> <li>○ debt reconciliation</li> <li>○ information technology system amalgamation (infrastructure and systems)</li> <li>○ merging asset registers</li> <li>○ financial management systems</li> <li>○ transitional costs relating to existing staff/personnel, limited to retrenchment packages, relocation costs and salary equalization, only after an organogram has been finalised and all posts evaluated</li> </ul> </li> <li>• The new municipality established in Limpopo (LIM345) may also spend grant funds to recruit new staff and construct, refurbish or upgrade municipal office and administrative infrastructure</li> <li>• Municipalities may not use grant funds to appoint additional staff</li> </ul>

	<ul style="list-style-type: none"> <li>• Before procuring any professional services or new or upgraded systems, the terms of reference must be reviewed and approved by the provincial department responsible for local government</li> <li>• Any systems purchased or upgraded with funding from this grant must comply with the relevant requirements set by national government, including being compatible with the municipal standard chart of accounts</li> </ul>
<b>Allocation criteria</b>	<ul style="list-style-type: none"> <li>• Funds are only allocated to municipalities affected by major boundary changes</li> <li>• Allocations are based on the number of previously existing municipalities affected by major boundary changes (i.e. the number of municipalities being merged or split). Allocations also take into account whether or not municipalities already received transfers from this grant in 2015/16</li> </ul>
<b>Reason incorporated equitable share</b>	<b>not in</b> <ul style="list-style-type: none"> <li>• The grant funds the costs associated with major boundary changes due to come into effect at the time of the 2016 local government elections</li> </ul>
<b>Past performance</b>	<b>2014/15 audited financial performance</b> <ul style="list-style-type: none"> <li>• New grant introduced in 2015/16</li> </ul> <b>2014/15 service delivery performance</b> <ul style="list-style-type: none"> <li>• New grant introduced in 2015/16</li> </ul>
<b>Projected life</b>	<ul style="list-style-type: none"> <li>• This is a three year grant to assist municipalities with the 2016 major boundary changes. It came into effect in 2015/16 and will terminate in 2017/18</li> </ul>
<b>MTEF allocations</b>	<ul style="list-style-type: none"> <li>• 2016/17: R297 million; and 2017/18: R112 million</li> </ul>
<b>Payment schedule</b>	<ul style="list-style-type: none"> <li>• Transfers are made in accordance with a payment schedule approved by National Treasury</li> </ul>
<b>Responsibilities of the national transferring officer and receiving officer</b>	<b>Responsibilities of national department</b> <ul style="list-style-type: none"> <li>• Assess business plans in collaboration with provincial departments</li> <li>• Approve business plans by 31 October 2016</li> <li>• Submit quarterly progress reports to the National Treasury</li> <li>• Prescribe a template for business plans</li> <li>• Only transfer funds after consulting with the provincial department responsible for local government</li> </ul> <b>Responsibilities of provincial departments responsible for local government</b> <ul style="list-style-type: none"> <li>• Fulfil all responsibilities in terms of section 14 of the Municipal Structures Act</li> <li>• Monitor and coordinate the resources allocated to municipalities, provinces and national government to ensure that there are no duplications and that the grant is only used for additional costs resulting from boundary changes</li> <li>• Assist the national department to assess municipalities' business plans</li> <li>• Assist affected municipalities to jointly plan and manage the process through the CMTC</li> <li>• Assist the national department to coordinate reporting from municipalities</li> <li>• Appoint a transformation manager (funded from the province's own budget)</li> </ul> <b>Responsibilities of municipalities</b> <ul style="list-style-type: none"> <li>• CMTCs must submit draft business plans by 29 April 2016 in the format prescribed by DCoG</li> <li>• Municipalities must submit final business plans within 30 days after the 2016 elections</li> <li>• Report to the national and relevant provincial department on a monthly basis on financial performance and on a quarterly basis against the performance targets set out in the business plan</li> <li>• Participate in transitional structures.</li> </ul>
<b>Process for approval of 2017/18 business plans</b>	<ul style="list-style-type: none"> <li>• CMTC must agree on proposed business plan.</li> <li>• Draft business plans to be submitted to the DCoG by 14 October 2016</li> <li>• Final business plans must be submitted by 18 November 2016</li> </ul>

## **PART 1: EXECUTIVE SUMMARY**

### **1.1 BRIEF DESCRIPTION**

<b>Provide a brief description of the redetermined boundaries of the municipality:</b>
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The new Municipality includes the areas of Ingwe Municipality which has 11 wards and Kwa Sani Municipality with 4 wards
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### **1.2 EXPECTED OUTPUTS**

<b>Provide a brief description of the expected outputs from the utilisation of the MDTG (list the policies, systems, procedures and plans to be developed - refer to the above framework):</b>
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Financial Systems , By- Laws , Relocation of Staff, General Valuation Roll, ICT Systems , Records Management , Pay Parity
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### **1.3 AIMS AND OBJECTIVES:**

<b>Outline the objectives of the expected outputs / project. How does the proposed projects relate to the objectives set for the MDTG?</b>
--

To ensure a smooth transition and start of KZN 436 Municipality by :
--

- |  |
|--|
| <ul style="list-style-type: none"><li>• Consolidating ICT, Financial Systems, By-Laws and Records Management for the new municipality.</li><li>• Addressing salary gaps by implementing Job Evaluation</li><li>• Relocate Staff in terms of their position and workplace and Compile consolidate General Valuation Roll for the new municipality</li></ul> |
|--|

## 2 PART 2: FINANCIAL INFORMATION

### 3 2.1 Implementation Plan

Performance Indicator - Outcome	Performance Indicator – Output	Key activities	Annual Target	Financial Implications	Quarterly targets			
					Quarter 1	Quarter 2	Quarter 3	Quarter 4
Reliable and Credible Financial Management System	Consolidated Financial Management System	Implementation of Asset Module  Implementation of MSCOA  Test –Run of Financial Management System	Consolidated Financial Management System by 01 October 2016	R 2 000 000.00	Test – Run Financial System	Implementation of Consolidated Financial System	Monitoring of the Financial System	Monitoring of the Financial System
Reliable and Credible Information System and be in compliant with Legislative	Consolidated ICT Systems	ICT Assessment  Upgrade of Server Room  Design of a new Website	Sound ICT System by 01 October 2016	R 1 500 000.00	Test – Run of the ICT System  Website Development  Upgrade of Server Room	Upgrade of Server Room  Implementation of ICT	Monitoring	Monitoring
Aligned Filling System and Proper Registry	Proper Records Management	Alignment of File Plan and Filling System	Consolidated Records Management	R 335 000.00	Approval of File Plan by Department of	Upgrading of Records Management	Monitoring filling System	Monitoring filling System



Performance Indicator - Outcome	Performance Indicator – Output	Key activities	Annual Target	Financial Implications	Quarterly targets			
		Upgrade of Records Management Infrastructure	System by 01 October 2016		Arts and Culture  Implementation of File Plan	Infrastructure		
MPRA Compliant General Valuation Roll	General Valuation Roll	Data-Collection  Aerial photographer  Verifying addresses  Co-ordinating MPRA steering committee meetings  Public Participation Draft GV  Final GV  Management of objections and appeals	MPRA Compliant GV by 30 May 2017	R 2 800 000.00	Data-Collection  Aerial photographer  Verifying addresses  Co-ordinating MPRA steering committee meetings  Public Participation	Draft GV	Management of objections and appeals	Final GV
Relocated Staff	Accommodation of Staff closer to the workplace	Conduct assessment to identify staff to be relocated	Relocation of Staff by 01 October 2016	R 200 000.00	Finalising assessment to identify staff to	Relocation of Staff	N/A	N/A

<b>Performance Indicator - Outcome</b>	<b>Performance Indicator – Output</b>	<b>Key activities</b>	<b>Annual Target</b>	<b>Financial Implications</b>	<b>Quarterly targets</b>			
					be relocated			
Alignment of Positions and Salaries	Aligned Positions and Salary Scales	Job Evaluation and Placement of Staff	Completed JE and Placement of Staff by October 2016	R 2 737 660.00	Job Evaluation and Placement of staff	Implementation of Job Evaluation	Ongoing	Ongoing
Approved Municipal By-Laws	Control and regulate Life in the municipal area	Promulgation of By-Laws	Promulgation of By-Laws by	R 141 340.00	Approval and Promulgation of By-Laws	Implementation of Approved By-Laws	Ongoing	Ongoing

## 4 2.2 Cost Breakdown Structure

Expenditure Item	Quantity	Unit Cost	Projected Expenditure
		R	R
Financial Management Systems		2 000 000.00	2 000 000.00
ICT		1 500 000.00	1 500 000.00
Records Management		335 000.00	335 000.00
General Valuation Roll		2 800 000.00	2 800 000.00
Relocation Cost		200 000.00	200 000.00
Pay Parity		2 737 660.00	2 737 660.00
By Laws		141 340.00	141 340.00
<b>TOTAL</b>		<b>9 714 000.00</b>	<b>9 714 000.00</b>

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## 6 2.3 Reporting Requirements

### 2.3.1 From CMTc:

It is confirmed that all the provisions / conditions contained in the framework set out in the Division of Revenue Act, 2016 have been complied-with.

### 2.3.2 From Province:

It is confirmed that all the provisions / conditions contained in the framework set out in the Division of Revenue Act, 2016 have been complied-with.